

WALLER LANSDEN DORTCH & DAVIS, PLLC

WALLER LANSDEN DORTCH & DAVIS PLLC
THE CHESAPEAKE BUSINESS CENTRE
1616 WESTGATE CIRCLE SUITE 106
BRENTWOOD TENNESSEE 37027 8019
(615) 844 6212

WALLER LANSDEN DORTCH & DAVIS LLP
AFFILIATED WITH THE PROFESSIONAL LIMITED LIABILITY COMPANY
520 SOUTH GRAND AVENUE SUITE 800
LOS ANGELES, CALIFORNIA 90071
(213) 362 3680

D. Billye Sanders
(615) 850-8951
billye.sanders@wallerlaw.com

NASHVILLE CITY CENTER
511 UNION STREET, SUITE 2700
Post Office Box 198966
NASHVILLE, TENNESSEE 37219-8966
(615) 244-6380
FAX (615) 244-6804
www.wallerlaw.com

WALLER LANSDEN DORTCH & DAVIS PLLC
809 SOUTH MAIN STREET
Post Office Box 1035
COLUMBIA TENNESSEE 38402 1035
(931) 388 6031

October 11, 2004

VIA HAND DELIVERY

Pat Miller, Chairman
C/O Carol Timberlake
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37219

Re: Revised Tariffs of Chattanooga Gas Company
Docket Number 04-00034

Dear Chairman Miller:

Enclosed you will find the original and four copies of the revised tariff of Chattanooga Gas Company which is filed pursuant to the decision of the TRA in Docket Number 04-00034. We have also enclosed 5 copies of (i) a redline which shows the changes to Chattanooga Gas Company's existing tariff that is on file with the TRA and (ii) five copies of Chattanooga Gas Company's Rate Design Calculation based upon the TRA's decision in Docket 04-00034.

Sincerely,

D. Billye Sanders

D. Billye Sanders
Attorney for Chattanooga Gas
Company

DBS/hmd

cc: Archie Hickerson
Steve Lindsey
Elizabeth Wade, Esq.
Jeff Brown, Esq.

RECEIVED
2004 OCT 11 PM 1:49
TRA DOCKET #04-00034

WALLER LANSDEN DORTCH & DAVIS

A PROFESSIONAL LIMITED LIABILITY COMPANY

October 8, 2004

Page 2

Vance Broemel, Consumer Advocate and Protection Division
Henry Walker, Attorney for Chattanooga Manufacturer's Association

**Chattanooga Gas Company
Rate Design Calculation
Docket 04-00034**

	MCF Determinants	Current Rates	Current Revenue	Rate Increase	Dkt Proposed Determinants	Proposed Rates	Revenue Under Proposed Rates	Percentage Change
Residential (R-1)								
Bills								
Winter	315,838	\$ 7.50	\$ 2,368,785	0	\$ 315,838	\$ 7.50	\$ 2,368,785	
Summer	305,781	7.50	2,293,208	0	305,781	7.50	2,293,208	
Total	621,599		4,661,993	0	621,599		4,661,993	0.00%
Volumes								
Winter-Step 1	853,877	2.9000	2,478,243	76.635	868,789	2.9385	2,552,878	
Winter-Step 2	723,118	2.0000	1,446,236	44.719	735,729	2.0265	1,490,955	
Winter-Step 3	1,983,862	1.7500	3,471,934	107.380	2,018,562	1.7732	3,579,314	
Summer-Step 1	456,718	2.1000	957,004	29.627	463,664	2.1279	986,631	
Summer-Step 2	87,370	1.5000	131,055	4.055	88,894	1.6189	135,110	
Summer-Step 3	88,485	0.4500	38,919	1.206	87,994	0.4560	40,125	
Total	4,190,529		8,521,391	263,622	4,293,612		8,785,013	3.09%
Total Residential			\$ 13,183,384	\$ 263,622			\$ 13,447,005	2.00%
Multi-Family Housing (R-4)								
Bills								
Winter	806	6.0000	4,836	0	806	6.00	4,836	
Summer	799	6.0000	4,794	0	799	6.00	4,794	
Total	1,605		9,630	0	1,605		9,630	0.00%
Volumes								
Winter	5,582	1.8000	10,048	351	5,679	1.8311	10,399	
Summer	1,781	1.6000	2,850	99	1,812	1.6277	2,949	
Total	7,363		12,898	450	7,491		13,348	3.49%
Total Multi-Family Housing			\$ 22,528	\$ 450			\$ 22,978	2.00%
Commercial (C-1)								
Bills								
Winter	51,044	20.0000	1,020,880	0	51,044	20.00	1,020,880	
Summer	48,805	15.0000	732,075	0	48,805	15.00	732,075	
Total	99,849		1,752,955	0	99,849		1,752,955	0.00%
Volumes								
Winter-Step 1	2,088,177	2.7500	5,742,487	135.830	2,124,585	2.7687	5,878,117	
Winter-Step 2	223,240	2.5100	560,332	13.247	227,133	2.5253	573,579	
Winter-Step 3	397,214	2.4450	971,188	22.958	404,141	2.4599	994,146	
Winter-Step 4	310,553	1.2650	392,850	9.284	315,969	1.2727	402,134	
Summer-Step 1	684,705	2.1590	1,478,278	34.978	698,846	2.1722	1,513,254	
Summer-Step 2	83,755	1.7140	143,556	3.390	85,218	1.7244	146,948	
Summer-Step 3	142,457	1.5880	227,646	5.378	144,941	1.6077	223,022	
Summer-Step 4	90,515	1.2650	114,501	2.707	92,094	1.2727	117,208	
Total	4,020,616		9,830,838	227,569	4,090,735		9,858,407	2.38%
Total Commercial			\$ 11,383,793	\$ 227,569			\$ 11,611,382	2.00%
Total Firm Base Revenue			\$ 24,589,703	\$ 481,640			\$ 25,081,345	0.00%
Industrial Firm (I1/I2)								
Bills								
Demand	343	300.0000	102,900	0	343	300.00	102,900	0.00%
Volumes	109,473	3.0000	328,419	0	109,473	3.00	328,419	0.00%
Volumes-Step 1	448,052	0.8888	398,229	9.530	455,868	0.8945	407,759	
Volumes-Step 2	534,748	0.7598	406,300	9.606	544,072	0.7644	415,908	
Volumes-Step 3	507,289	0.4312	218,743	4.993	518,138	0.4335	223,738	
Volumes-Step 4	448,365	0.2650	118,287	2.701	454,150	0.2664	120,888	
Total	1,836,452		1,141,559	26,829	1,870,224		1,168,388	2.35%
Total Industrial (I1/I2)			\$ 1,572,878	\$ 26,829			\$ 1,599,707	1.71%
Interruptible (L1/T1)								
Bills								
Demand	484	300.0000	145,200	0	484	300.00	145,200	0.00%
Volumes								
Volumes-Step 1	564,137	0.8888	501,405	12.000	573,976	0.8945	513,405	
Volumes-Step 2	818,626	0.7598	621,992	14.706	832,903	0.7644	636,898	
Volumes-Step 3	1,506,656	0.4312	649,670	14,629	1,532,932	0.4335	664,499	
Volumes-Step 4	1,340,725	0.2650	355,292	8,112	1,384,107	0.2664	363,404	
Total	4,230,144		2,128,359	49,847	4,303,915		2,178,006	2.33%
Total Interruptible (L1/T1)			\$ 2,273,558	\$ 49,847			\$ 2,323,206	2.18%
Special Service (SS-1)								
Bills								
Demand	45	300.0000	13,500	0	45	300.00	13,500	0.00%
Volumes								
Volumes-Step 1	169,265	0.8888	168,219	4.026	162,568	0.8945	172,246	
Volumes-Step 2	273,162	0.7598	207,548	4.908	277,826	0.7644	212,456	
Volumes-Step 3	483,451	0.4312	208,464	4.758	491,882	0.4335	213,222	
Volumes-Step 4	411,548	0.2650	109,060	2.490	418,725	0.2664	111,550	
Total	1,357,426		683,291	16,182	1,381,098		709,473	2.33%
Total Special Service			\$ 706,791	\$ 16,182			\$ 722,073	2.29%
Special Contract (SC)								
Bills								
Demand	12	3,500.0000	42,000	0	12	3,500.00	42,000	0.00%
Volumes	765,727	0.0500	38,286	0	765,727	0.0500	38,286	0.00%
Total Special Contract			\$ 80,286	\$ -			\$ 80,286	0.00%
Total Industrial Revenue			\$ 4,833,514	\$ 92,657			\$ 4,726,172	2.00%
Other Revenues Subject to Rate Adjustment:								
Turn On Charges	8,525	15.0000	127,875	0	8,525	15.00	127,875	0.00%
Meter Set Charges	2,044	25.0000	51,100	0	2,044	25.00	51,100	0.00%
Returned Check Charges	794	20.0000	15,880	0	794	20.00	15,880	0.00%
Reconnect Charges	2,715	30.0000	81,450	54.300	2,715	50.00	135,750	66.67%
Seasonal Reconnect Charges	328	37.5000	12,300	4.100	328	50.00	16,400	33.33%
Total Revenue - Other Revenues Subject to Rate Adjustment			\$ 288,605	\$ 58,400			\$ 347,005	20.24%
Total Revenue Subject to Rate Adjustments			\$ 29,811,824	\$ 642,698			\$ 30,154,522	2.18%
Late Payment Charges								
Damage Billing Charges			577,099	3,938			581,035	0.68%
Jobbing Charges			93,438	0			93,438	0.00%
Total Of Other Revenue Total			\$ 684,643	\$ 3,938			\$ 684,679	0.07%
Total Revenues			\$ 30,196,467	\$ 646,636			\$ 30,843,101	2.14%

Chattanooga Gas Company
Rate Design Calculation
Docket 04-00034

Industrial, Interruptible and Special Service:

<u>Industrial Firm (I1/T2)</u>	
Bills	343
Demand	109,473
<u>Interruptible (L1/T1)</u>	
Bills	484
<u>Special Service (SS-1)</u>	
Bills	45
<u>Total Industrial (I1, T2, L1, T1, SS-1)</u>	
Volumes	

	MCF Determinants	Current Rates	Current Revenue	Rate Increase	Proposed Revenue	Proposed Determinants	Proposed Rates
Volumes-Step 1	1,201,454	\$ 0 8888	\$ 1,067,852	\$ 25,556	\$ 1,093,408	1,222,407	\$ 0 8945
Volumes-Step 2	1,626,534	0 7598	1,235,841	29,219	1,265,059	1,654,901	0 7644
Volumes-Step 3	2,497,396	0 4312	1,076,877	24,580	1,101,457	2,540,951	0 4335
Volumes-Step 4	2,198,638	0 2650	582,639	13,303	595,942	2,236,982	0 2664
Volumetric	7,524,022		\$ 3,963,209	\$ 92,657	\$ 4,055,866	7,655,241	2 34%
Customer Charge	872	\$ 300 00	261,600	0	261,600	872	\$ 300 00
Demand Charge	109,473	3 00	328,419	0	328,419	109,473	3 00
Total			\$ 4,553,228	\$ 92,657	\$ 4,645,885		2 03%

Industrial Rates Recomputed by Mrs Pat Murphy September 9, 2004

CHATTANOOGA GAS COMPANY

2207 OLAN MILLS DRIVE

CHATTANOOGA, TENNESSEE 37421

TRA NO. 1

GAS TARIFF



Chattanooga Gas

**CHATTANOOGA GAS COMPANY
GAS TARIFF
TRA NO. 1
TENNESSEE REGULATORY AUTHORITY
TABLE OF CONTENTS**

Rate Schedules	Sheet No.
<u>Residential</u>	
R-1 General Service Original Sheets Nos 2 through 4 are reserved for future use.	1
R-4 Multi-Family Housing Service Original Sheets Nos. 6 through 9 are reserved for future use.	5
<u>Commercial and Industrial</u>	
C-1 General Service Original Sheets Nos 11 through 19 are reserved for future use	10
I-1 Large Volume Firm Service Original Sheets Nos 21 through 24 are reserved for future use	20
L-1 Interruptible Service Original Sheets Nos. 26 through 29 are reserved for future use	25
T-1 Interruptible Transportation Service	30
T-2 Interruptible Transportation Service with Firm Gas Supply Backup	31
SF-1 Semi-Firm Sales Service (SFSS)	32
T-3 Low Volume Transport	33
V-1 Natural Gas Vehicle Service Original Sheets Nos. 35 through 36 are reserved for future use	34
SS-1 Special Service Rate Schedule Original Sheets Nos 38 through 44 are reserved for future use.	37
<u>Residential and Commercial</u>	
BBS-1 Budget Billing Service Original Sheets Nos 46 through 47 are reserved for future use	45
<u>General</u>	
Interruptible Margin Credit Rider	48
Weather Normalization Adjustment (WNA) Rider	49

TABLE OF CONTENTS (Continued)

Purchased Gas Adjustment (PGA) Provision	50
Current Level of Applicable Taxes	51
Schedule For Limiting and Curtailing Gas Service	52
Current Level of Purchased Gas Adjustment Original Sheets No. 54 reserved for future use	53
Current Level of Surcharges and Refund Credits	55
Performance-Based Ratemaking Original Sheets Nos. 57 through 59 are reserved for future use	56

RATE SCHEDULE R-1
Residential General Service

AVAILABILITY

Available for all gas service furnished to single private residences, including the separate private units of apartment houses and other multiple dwellings, actually used for residential purposes, which are separately metered or measured, irrespective of the fact that a person other than the resident, (1) is contractually bound to the Chattanooga Gas Company (Company) for the charges, or (2) actually pays the charges, or (3) is billed for the charges. Use of gas service in hotel or motel units by transient occupants shall not constitute residential use. Gas service under this schedule shall be through a single point of delivery and such gas shall not be resold, directly or indirectly.

MONTHLY BASE RATE

	<u>Winter</u> <u>Net Rate</u> November-April	<u>Summer</u> <u>Net Rate</u> May-October
<u>Customer Base Use Charge</u>	\$7 50	\$7 50
<u>Commodity Charge</u>		
First 25 Therms Per Month	29 385¢ Per Therm	21 279¢ Per Therm
Next 25 Therms Per Month	20 265¢ Per Therm	15 199¢ Per Therm
Over 50 Therms Per Month	17 732¢ Per Therm	4 560¢ Per Therm
<u>Summer Air -Conditioning Charge</u>		
Over 50 Therms Per Month	----	4 560¢ Per Therm
<u>Standby Service Demand Charge</u>		
Rate Per Therm Of Input Per Month	Demand Charge Applicable To I-1 Customers	Demand Charge Applicable To I-1 Customers

Standby Input shall be based upon individual Customer's applicable gas equipment rating in Therms.

$$\frac{(BTU / Hour) \times 10 Hours}{100,000 BTU} = \text{Number of Therms}$$

Monthly billing in units of CCF, Dth or Therms may be based upon monthly or bi-monthly meter reading.

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates

SUMMER AIR-CONDITIONING RATE

Available to any residential Customer who has installed and regularly operates a gas-fired central air-conditioning system which meets Company's specifications. All provisions of the above rate schedule will apply except as specifically modified herein.

MINIMUM BILL

The minimum monthly bill shall be the Customer Base Use Charge plus the Standby Service Demand Charge, when applicable, as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

RATE SCHEDULE R-1 (Continued)

STANDBY SERVICE

When gas service is being supplied for use as a Standby Service for the dual-fuel heat pump or for similar use where the Customer's equipment is specifically designed by the manufacturer or is modified by the Customer or others for the purpose of using natural gas as the equipment's standby energy source, there shall be payable monthly in addition to all and other charges under this Rate Schedule a Standby Service Demand Charge individually determined for each Customer based upon the Customer's applicable gas equipment input rating.

The revenues realized from the Standby Service Demand Charge shall be credited to the demand component of the "Deferred Gas Cost" account in accordance with the Purchased Gas Adjustment Provision.

GAS LIGHT SERVICE

Where Customer has no other use of gas, a gas light may be installed solely at the option of the Company with such service to be provided on a non-metered basis. The monthly billing for such use shall be at the rate of 18 Therms for each light.

MULTIPLE BILLING

Where the Company serves a number of separate dwelling units under common ownership on the same premises with service through a single meter, the minimum charge and the quantity of gas within each block of the above rates shall be multiplied by the number of individual units in which gas is consumed.

BILLING ADJUSTMENTS

Bills for gas service hereunder shall be subject to adjustment for changes in the cost of purchased gas in accordance with Purchased Gas Adjustment (PGA) Docket No G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority

Bills for gas service hereunder shall be subject to the provisions of the Weather Normalization Adjustment (WNA) Rider (Docket No 91-0712) as approved by the Tennessee Regulatory Authority

Bills for gas service hereunder shall be subject to the provisions of the Interruptible Margin Credit Rider as approved by the Tennessee Regulatory Authority

LIMITING AND CURTAILING GAS SERVICE

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority

GENERAL TERMS AND CONDITIONS

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

RATE SCHEDULE R-4
Multi-Family Housing Service

AVAILABILITY

Available to any public housing authority, or to any private company which operates a housing project containing not less than 50 dwelling units, which uses gas in each dwelling unit for two or more of the following purposes. Cooking, water heating, refrigeration, air conditioning and space heating, and which contracts for gas service for a period of not less than one year, and is subject to the Chattanooga Gas Company (Company)'s determination of available gas supply. Gas service under this schedule shall be through a single point of delivery and such gas shall not be resold, directly or indirectly without the approval of the Company

<u>MONTHLY BASE RATE</u> (Per Dwelling Unit Connected)	<u>Winter</u>	<u>Summer</u>
	<u>Net Rate</u> <u>November- April</u>	<u>Net Rate</u> <u>May-October</u>
<u>Customer Base Use Charge</u>	\$6 00/Unit	\$6 00/Unit
<u>Commodity Charge</u> Flat Rate Per Month	18 311¢ Per Therm	16 277¢ Per Therm
<u>Air -Conditioning Commodity Charge</u> Flat Rate Per Month	----	4 560¢ Per Therm
Standby Service Demand Charge Rate Per Therm Of Input Per Month	Demand Charge Applicable To I-1 Customers	Demand Charge Applicable To I-1 Customers

Standby Input shall be based upon individual Customer's applicable gas equipment rating in Therms

$$\frac{(BTU / Hour) \times 10 \text{ Hours}}{100,000 \text{ BTU}} = \text{Number of Therms}$$

Monthly billing in units of CCF, Dth or Therms may be based upon monthly or bi-monthly meter readings.

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates

SUMMER AIR-CONDITIONING RATE

Available to any multi-family housing Customer who has installed and regularly operates a separately metered gas-fired central air-conditioning system which meets Company's specifications. All provisions of the above rate schedule will apply except as specifically modified herein. The volume of gas used for air-conditioning purposes will be determined by metering equipment installed by the Company. In the event a single unit provides both heating and cooling, usage during Summer (billing months of May through October) shall be deemed to be air-conditioning use for purposes hereof.

MINIMUM BILL

The minimum monthly bill shall be the Customer Base Use Charge per dwelling unit as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing

ISSUED: OCTOBER 11, 2004

ISSUED BY STEVE LINDSEY, VP

EFFECTIVE: OCTOBER 1, 2004

Rate Schedule R-4 Multi-Family Housing Service (Continued)

BILLING ADJUSTMENTS

Bills for gas service hereunder shall be subject to adjustment for changes in the cost of purchased gas in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority

Bills for gas service hereunder shall be subject to the provisions of the Weather Normalization Adjustment (WNA) Rider (Docket No. 91-01712) as approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Interruptible Margin Credit Rider as approved by the Tennessee Regulatory Authority.

LIMITING AND CURTAILING GAS SERVICE

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority

GENERAL TERMS AND CONDITIONS

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority

RATE SCHEDULE C-1

Commercial and Industrial General Service

AVAILABILITY

Available to any commercial or industrial Customer for all purposes Gas service under this rate schedule in excess of 1,000 THERM per day shall be, at the option of Chattanooga Gas Company (Company), by written contract for a term of one year or less providing for monthly payment of gas Service, and is subject to the Company's determination of available gas supply Gas service under this schedule shall be through a single point of delivery and such gas shall not be resold, directly or indirectly

MONTHLY BASE RATE

	<u>Winter</u> <u>Net Rate</u> November-April	<u>Summer</u> <u>Net Rate</u> May-October
<u>Customer Base Use Charge</u>	\$20 00	\$15 00
<u>Commodity Charge</u>		
First 3,000 Therms Per Month	27 667¢ Per Therm	21 722¢ Per Therm
Next 2,000 Therms Per Month	25 253¢ Per Therm	17 244¢ Per Therm
Next 10,000 Therms Per Month	24 599¢ Per Therm	16 077¢ Per Therm
Over 15,000 Therms Per Month	12 727¢ Per Therm	12 727¢ Per Therm
<u>Air -Conditioning Charge</u>		
Flat Rate Per Month	----	4 560¢ Per Therm
<u>Standby Service Demand Charge</u>		
Rate Per Therm of Input Per Month	Demand Charge Applicable to I-1 Customers	Demand Charge Applicable to I-1 Customers

Standby Input shall be based upon individual Customer's applicable gas equipment rating in Therms

$$\frac{(BTU / Hour) \times 10 Hours}{100,000 BTU} = \text{Number of Therms}$$

Monthly billing in units of CCF, Dth or Therms may be based upon monthly or bi-monthly meter readings

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates

SUMMER AIR-CONDITIONING RATE

Available to any commercial or industrial Customer who has installed and regularly operates a separately metered gas-fired central air-conditioning system which meets Company's specifications. All provisions of the above rate schedule will apply except as specifically modified herein The volume of gas used for summer air-conditioning purposes will be determined by metering equipment installed by the Company. In the event a single unit provides both heating and cooling, usage during the Summer (billing months of May through October) shall be deemed to be air-conditioning use for purposes hereof

MINIMUM BILL

The minimum monthly bill shall be the Customer Base Use Charge plus the Standby Service Demand Charge, when applicable, as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule

RATE SCHEDULE C-1(Continued)

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

STANDBY SERVICE

When gas service is being supplied for use as a Standby Service for the dual-fuel heat pump or for similar use where the Customer's equipment is specifically designed by the manufacturer or is modified by the Customer or others for the purpose of using natural gas as the equipment's standby energy source, there shall be payable monthly in addition to all and other charges under this Rate Schedule a Standby Service Demand Charge individually determined for each Customer based upon the Customer's applicable gas equipment input rating.

The revenue realized from the Standby Service Demand Charge shall be credited to the demand component of the "Deferred Gas Cost" account in accordance with the Purchased Gas Adjustment Provision.

GAS LIGHT SERVICE

Where Customer has no other use of gas, a gas light may be installed solely at the option of the Company with such service to be provided on a non-metered basis. The monthly billing for such use shall be at the rate of 18 Therms for each light.

SPECIAL TERMS & CONDITIONS

In the event Customer takes daily gas deliveries in excess of Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the Customer at the greater of (1.) \$15.00 per Dth or (2.) the average index price on curtailment days plus \$5.00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company.

These additional charges shall be in addition to all other charges payable under this Rate Schedule.

The payment of a charge for unauthorized or excess use shall not under any circumstances be considered as giving any such Customer the right to take unauthorized or excess volumes, or to purchase such unauthorized or excess volumes of gas on any of the Company's other rate schedules, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect Customer's obligations to adhere to the provisions of Customer's contract with the Company. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7.

RATE SCHEDULE C-1(Continued)

BILLING ADJUSTMENTS

Bills for gas service hereunder shall be subject to adjustment for changes in the cost of purchased gas in accordance with Purchased Gas Adjustment (PGA) Docket No G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority

Bills for gas service hereunder shall be subject to the provisions of the Weather Normalization Adjustment (WNA) Rider (Docket No. 91-01712) as approved by the Tennessee Regulatory Authority

Bills for gas service hereunder shall be subject to the provisions of the Interruptible Margin Credit Rider as approved by the Tennessee Regulatory Authority

LIMITING AND CURTAILING GAS SERVICE

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Public Service Authority

GENERAL TERMS AND CONDITIONS

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

RATE SCHEDULE I-1

Commercial and Industrial Large Volume Firm Sales Service

RESTRICTED AVAILABILITY

This rate is available to those Customers actually taking service under Rate Schedule I-1 as of February 1, 1994. This rate will be available to additional Customers subsequent to February 1, 1994 only upon Chattanooga Gas Company (Company)'s ability to provide adequate gas supply to support the sale on terms and conditions which are satisfactory in the sole judgment of the Company subject to review by the Tennessee Regulatory Authority when such review is requested by a Customer. Once a qualified Customer elects service under this Rate Schedule, service will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. A new Customer beginning service after May 31 shall contract for a term extending through the following May 31. A Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule T-2 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice. A Customer receiving service under the I-1/T-2 Rates Schedules as of March 1, 2005 that fails to submit an executed contract will receive service under Rate Schedule I-1 through May 31, 2006.

AVAILABILITY

Available to any commercial or industrial Customer for all purposes under the following conditions:

1. Service shall be limited to Customers consistently using a minimum of 36,500 Dths annually at a daily rate of 100,000 cubic feet or 1,000 Therms or more
2. The Company must have available to it a supply of natural gas adequate in the opinion of the Company to meet the Customer's requirements
3. Customer must be on or adjacent to the Company's existing mains and the mains shall, in the Company's judgment, be adequate to serve the Customer's requirements without impairing service to other Customers
4. The gas shall be sold through a single point of delivery and shall not be resold directly or indirectly, without the approval of the Company. The Company is not authorized to give its approval if the purpose is to have two plants under common ownership, or separate ownership purchase gas through one meter
5. Service taken under this rate shall be by contract for a term of not less than 12 months

MONTHLY BASE RATE

Customer Base Use Charge

Net Rate

\$300.00

Demand Charge

Per Unit of Billing Demand

\$3.00 Per Dth

Commodity Charge

First 1,500 Dths Per Month
Next 2,500 Dths Per Month
Next 11,000 Dths Per Month
Over 15,000 Dths Per Month

\$ 8945 Per Dth
\$.7644 Per Dth
\$ 4335 Per Dth
\$ 2664 Per Dth

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

RATE SCHEDULE I-1 (Continued)

MINIMUM BILL

The minimum monthly bill shall be the Customer's Base Use Charge as shown in the Monthly Base Rate stated above plus the amount of the individual Customer's Monthly Demand Charge and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

BILLING DEMAND

The billing demand shall be the greater of (a) or (b) below:

- (a) The demand for the current month is always the highest demand day in any of the previous 11 billing months plus the current billing month - - bearing in mind that demand days are established only during the billing months of November, December, January, February and March
- (b) The demand will be 65% of the average daily consumption for the preceding months of April through October.

Whenever a Customer commences taking service under this rate between April 1, and October 31 of any year, the billing demand for each billing month prior to the November billing shall be 6% of the monthly consumption in each such month. Commencing with the billing month of November, the billing demand shall be determined either under (a) or (b) above.

DETERMINATION OF DEMAND DAY

The demand day shall be determined at the option of the Company by one of the following methods:

- 1 By measuring the maximum volume of gas taken by the Customer in any one day through the use of volume and pressure recording and measuring equipment installed by the Company
- 2 When gas is delivered to a Customer through a positive displacement meter without the use of daily recording and measuring equipment, the maximum volume of gas taken in any one day during the billing month shall be 6% of the total volume of gas used by the Customer during such billing month

The Company retains the option of installing recording and measuring equipment to determine the maximum volume of gas taken in any one day on the meter of any Customer purchasing gas service under this Rate Schedule.

DATA COLLECTION EQUIPMENT

Customers provided service under this Rate Schedule shall be required to pay for the cost and installation of the Data Collection equipment (includes applicable income taxes). The Customer may elect to have the Data Collection equipment, other than the meter, installed by a qualified third party in accordance with the Company's specification. The meter installation and the connection of the data collections equipment to the meter shall be performed by the Company. All Customers shall also be required to pay the cost of any power, telephone lines, or wireless facilities necessary for the operation of such equipment.

RATE SCHEDULE I-1 (Continued)

SPECIAL TERMS AND CONDITIONS

In the event Customer takes daily gas deliveries in excess of Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the Customer at the greater of the rate of (1) \$15 00 per Dth or (2) the average daily index on curtailment days plus \$5 00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule. The payment of a charge for unauthorized or excess use shall not under any circumstances be considered as giving any such Customer the right to take unauthorized or excess volumes, or to purchase such unauthorized or excess volumes of gas on any of the Company's other rate schedules, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect Customer's obligations to adhere to the provisions of Customer's contract with the Company. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7.

BILLING ADJUSTMENTS

Bills for gas service hereunder shall be subject to adjustment for changes in the cost of purchased gas in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Interruptible Margin Credit Rider as approved by the Tennessee Regulatory Authority.

LIMITING AND CURTAILING GAS SERVICE

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

GENERAL TERMS AND CONDITIONS

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

RATE SCHEDULE L-1

Commercial and Industrial Interruptible Sales Service

AVAILABILITY

Gas sales service available on an interruptible basis to large volume Customers provided Chattanooga Gas Company (Company) has interruptible gas delivery capacity in excess of the then existing requirements of other Customers, and further subject to the following conditions:

1. Service shall be limited to Customers consistently using on an annual basis, an interruptible minimum daily volume of 100 Dths. A Customer may also qualify for this rate schedule on a summer seasonal basis (May-October) provided the daily usage during this period consistently meets or exceeds 100 Dths.
2. The Company must have available to it a supply of natural gas adequate in the opinion of the Company to meet the Customer's requirements, and further provided the Customer's use under this rate shall not work a hardship on any other rate payers of the Company, nor adversely affect any other class of the Company's Customers. Further provided the Customer's use under this rate shall not adversely affect the Company's gas purchase plans and/or effective utilization of the daily demands under the Company's gas purchase contracts with its suppliers subject to review by the Tennessee Regulatory Authority when such review is requested by a Customer.
3. Customer must be on or adjacent to the Company's existing mains and the mains shall, in the Company's judgment, be adequate to serve the Customer's requirements without impairing service to other Customers unless the Customer pays all cost (including applicable Income Tax) to provide required facilities.
4. The gas shall be sold through a single point of delivery and shall not be resold directly or indirectly without the approval of the Company. The Company is not authorized to give its approval if the purpose is to have two plants under common ownership, or separate ownership purchase gas through one meter.
5. Service taken under this rate shall be by contract for a term of one year. Once a qualified Customer elects service under this Rate Schedule, all service will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. A new Customer beginning service after May 31 shall contract for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive service under Rate Schedule SS-1 concurrent with this Rate Schedule. A Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule T-1 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice. A Customer receiving service under the I-1/ T-2 Rates Schedules as of March 1, 2005 that fails to submit an executed contract will receive service under Rate Schedule I-1 through May 31, 2006.

RATE SCHEDULE L-1 (Continued)

- 6 Customer agrees to install and maintain in usable condition standby fuel burning facilities to enable Customer, in the event of a curtailment of gas, to continue operations on standby fuel, or to give satisfactory evidence of his ability and willingness to have the delivery of gas hereunder interrupted or curtailed by the Company in accordance with the special terms and conditions as hereinafter set forth.

MONTHLY BASE RATE

Net Rate

Customer Base Use Charge

\$300 00

Commodity Charge

First 1,500 Dths Per Month
Next 2,500 Dths Per Month
Next 11,000 Dths Per Month
Over 15,000 Dths Per Month

\$ 8945 Per Dth
\$.7644 Per Dth
\$.4335 Per Dth
\$ 2664 Per Dth

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates

AUTHORIZED INCREMENTAL RATE

When the Company determines that volumes of gas are available to be purchased and transported to Customers under this Rate Schedule, then the Company shall, at it's option, be authorized to charge the incremental rate in lieu of the published PGA rate for L-1 Customers for such volumes distributed to those Customers who have been offered and who have agreed to pay such incremental rate in lieu of having their gas service curtailed. On days when gas is not being withdrawn from the Company's Liquid Natural Gas (LNG) facility for system supply, the incremental rate shall be the applicable index rate plus the variable pipeline charges. On those days when gas is being withdrawn from the LNG facility, the incremental rate will be increased to reflect the cost of gas used in the liquefaction and vaporization process.

MINIMUM BILL

The minimum bill shall be the Customer Base Use Charge as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

BILLING ADJUSTMENTS

Bills for gas service hereunder shall be subject to adjustment for changes in the cost of purchased gas in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.

RATE SCHEDULE L-1 (Continued)

INTERRUPTIBLE AND FIRM SERVICE

Should any Customer qualified to purchase interruptible gas under all the availability provisions quoted above desire to purchase firm gas under Rate Schedule "C-1" or "I-1" plus interruptible gas under this Rate Schedule "L-1", said Customer may do so through a single meter installation under the following conditions:

1. The Company and the Customer must agree as to the maximum volume of firm gas to be delivered in any one day under Rate Schedule "C-1" or "I-1".
2. The volume of gas to be billed at the interruptible rate will be the total of the deliveries on each day of the billing month in excess of the agreed volumes for Rate Schedule "C-1" or "I-1".
3. The Customer's requirement for interruptible gas must not be consistently less than a minimum daily volume of 100 Dths on an annual or summer seasonal basis (May-October) above and beyond the purchase of firm gas.

DATA COLLECTION EQUIPMENT

Customers provided service under this Rate Schedule shall be required to pay for the cost and installation of the Data Collection equipment (includes applicable income taxes). The Customer may elect to have the Data Collection equipment, other than the meter, installed by a qualified third party in accordance with the Company's specification. The meter installation and the connection of the data collections equipment to the meter shall be performed by the Company. All Customers shall also be required to pay the installation and monthly cost of any power, telephone lines or wireless facilities necessary for the operation of such equipment.

SPECIAL TERMS AND CONDITIONS

The Company will allocate gas available for delivery under this Tariff as equitably as possible among affected Customers giving effect to those similarly situated and in so doing may always give recognition to both its own curtailment plan and those curtailment plans and requirement indexes of its pipeline suppliers to the end that available gas may reach the highest priority of service as determined from time to time by appropriate State and Federal regulatory authorities.

This schedule is subject to interruption on one-half-hour's notice given by the Company by telephone or otherwise. The Company will curtail interruptible gas service to the Customers under this schedule in order to prevent a shortage of gas for the use of Customers under the Company's other rate schedules and to prevent Customers being served under other rate schedules being adversely affected as the result of gas being delivered under this rate schedule at a price that is below current costs.

Customer shall immediately discontinue the use of interruptible gas service, to the extent of curtailment ordered, when and as directed by the Company; and authorized representatives of the Company shall have at all times the right of ingress and egress to the Customer's premises. Upon determination by the Company that the necessity for curtailment has ceased the Company shall so notify the Customer by telephone or otherwise and the Customer shall not resume service until so notified.

RATE SCHEDULE L-1 (Continued)

SPECIAL TERMS AND CONDITIONS (Continued)

In the event Customer takes daily gas deliveries in excess of Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the Customer at the greater of the rate of (1.)\$15.00 per Dth or (2)the average daily index on curtailment days plus \$5 00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company.

These additional charges shall be in addition to all other charges payable under this Rate Schedule. The payment of a charge for unauthorized over-run shall not under any circumstances be considered as giving any such Customer the right to take unauthorized over-run volumes, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect its obligations to adhere to the provisions of its contract with the Company.

The curtailment of interruptible gas deliveries in whole or in part under this schedule shall not be the basis for claims against the Company for any damages sustained by the Customers. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7.

LIMITING AND CURTAILING GAS SERVICE

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

GENERAL TERMS AND CONDITIONS

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

RATE SCHEDULE T-1

Interruptible Transportation Service

TRANSPORTATION SERVICE AGREEMENT

Interruptible Transportation Service provided hereunder shall be an annual service under a Transportation Service Agreement on an individual Customer basis

AVAILABILITY

Available on an interruptible basis under a Transportation Service Agreement to large volume Customers provided Chattanooga Gas Company (Company) has interruptible gas delivery capacity in excess of the then existing requirements of other Customers, and further subject to the following conditions:

1. Service shall be limited to Customers consistently using on an annual basis, an interruptible minimum daily volume of 100 Dths. A Customer may also qualify for this rate schedule on a summer seasonal basis (May-October) provided the daily usage during this period consistently meets or exceeds 100 Dths
2. The Customer's use under this rate shall not work a hardship on any other rate payers of the Company, nor adversely affect any other class of the Company's Customers and further provided the Customer's use under this rate shall not adversely affect the Company's gas purchase plans and/or effective utilization of the daily demands under the Company's gas purchase contracts with its suppliers subject to review by the Tennessee Regulatory Authority when such review is requested by Customer
3. Customer must be on or adjacent to the Company's existing mains and the mains shall, in the Company's judgment, be adequate to serve the Customer's requirements without impairing service to other Customers unless the Customer pays all cost (including applicable Income Tax) to provide required facilities
4. The gas shall be delivered through a single point of delivery and shall not be resold directly or indirectly, without the approval of the Company. The Company is not authorized to give its approval if the purpose is to have two plants under common ownership, or separate ownership purchase gas through one meter
5. Service taken under this rate shall be by contract for a term of one year. Once a qualified Customer elects service under this Rate Schedule, all service will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. A new Customer beginning service after May 31 shall contract for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive service under Rate Schedule SS-1 concurrent with this Rate Schedule. A Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule L-1 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice. A Customer receiving service under the L-1/ T-1 Rates Schedules as of March 1, 2005 that fails to submit an executed contract will receive service under Rate Schedule L-1 through May 31, 2006

RATE SCHEDULE T-1 (Continued)

6. Customer agrees to install and maintain standby fuel burning facilities to enable Customer, in the event of curtailment of service, to continue operations on standby fuel, or to give satisfactory evidence of his ability and willingness to have the service hereunder interrupted or curtailed by the Company in accordance with the terms and conditions set forth in the Special Contract

MONTHLY BASE RATE

*Net Rate

Customer Base Use Charge

\$300 00

Commodity Charge

First 1,500 Dths Per Month
Next 2,500 Dths Per Month
Next 11,000 Dths Per Month
Over 15,000 Dths Per Month

\$ 8945 Per Dth
\$ 7644 Per Dth
\$.4335 Per Dth
\$ 2664 Per Dth

Other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates

*Company's Transportation Service Rate is in addition to all other applicable Pipeline Transportation Rates and Charges

MINIMUM BILL

The minimum bill shall be the Customer Base Use Charge as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

DATA COLLECTION EQUIPMENT

Customers provided service under this Rate Schedule shall be required to pay for the cost and installation of the Data Collection equipment (includes applicable income taxes). The Customer may elect to have the Data Collection equipment, other than the meter, installed by a qualified third party in accordance with the Company's specification. The meter installation and the connection of the data collections equipment to the meter shall be performed by the Company. All Customers shall also be required to pay the cost of any power, telephone lines, or wireless facilities necessary for the operation of such equipment.

RATE SCHEDULE T-1 (Continued)

BALANCING

It shall be the Customer's responsibility to maintain a daily and monthly balance with the Company to insure system integrity and avoid any assessment of penalties against the Company by the Interstate Pipelines. To insure such, Customers are required to nominate on a daily basis. If the Company is assessed a penalty by a Customer's transporting pipeline, the Company shall have the right to pass-through all such penalties to the Customer to the extent the Customer or Customer's agent is responsible for causing the Company to be assessed such penalties.

CASH OUT OF MONTHLY IMBALANCES

Any difference between the quantities delivered to the Company's city gate facilities for the account of the Customer for the month, and the quantities consumed by the Customer as metered for the month, shall be the monthly imbalance. This imbalance shall be resolved monthly by "cashing out" the imbalance as it is known at that time. If the Customer consumes more gas than it has delivered to the Company, the Customer will be deemed to be "short" by the amount of the deficiency and will buy an amount of gas equal to the deficiency from the Company. The Customer shall pay a price equal to the highest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in *Gas Daily* published by Platts, in the first issue of such publication following the date of the transaction plus the 100% load factor FT transportation rate, applicable surcharges and fuel on the relevant pipeline times the premium percentage corresponding to the percentage of the deficiency listed in the table below plus the 100% load factor FT transportation rate. If the Customer consumes less gas than it has delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus by paying the Customer a price equal to the lowest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in *Gas Daily* published by Platts, in the first issue of such publication following the date of the transaction, applicable surcharges and fuel on the relevant pipeline times the discount percentage corresponding to the percentage of the deficiency listed in the table below plus the 100% load factor FT transportation rate.

Percentage of the Imbalance	Short Premium	Long Discount
Equal to or less than 10%	100%	100%
Over 10% & equal to or less than 15%	120%	80%
Over 15% & equal to or less than 20%	140%	60%
Over 20%	150%	50%

The Daily Index Cost of Gas shall be derived from the prices published in *Gas Daily* in the Daily Price Survey

Southern Natural , La	X	37%
	+	
Tennessee, zone 0	X	15%
	+	
Tennessee, La, 500 Leg	X	24%
	+	
Tennessee, La, 800 Leg	X	24%

The Company will collect gross receipt tax on the incremental gross gas related charges

RATE SCHEDULE T-1(Continued)

Any difference between the actual cost of gas incurred by the Company and the Index prices defined above will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7. Increments or decrements which may result for the PGA will not apply to the cash-out mechanism.

LIMITING AND CURTAILING GAS SERVICE

Transportation Service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority

SPECIAL TERMS AND CONDITIONS

This schedule is subject to interruption on one-half-hour's notice given by the Company by telephone or otherwise. The Company will curtail transportation gas service to the Customers under this schedule in order to prevent a shortage of gas for the use of Customers under the Company's other rate schedules

Customer shall immediately discontinue the use of transported gas service, to the extent of curtailment ordered, when and as directed by the Company, and authorized representatives of the Company shall have at all times the right of ingress and egress to the Customer's premises. Upon determination by the Company that the necessity for curtailment has ceased the Company shall so notify the Customer by telephone or otherwise and the Customer shall not resume service until so notified

In the event Customer takes daily gas deliveries in excess of Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the Customer at the greater of the rate of (1) \$15.00 per Dth or (2.) the average daily index on curtailment days plus \$5.00 per Dth. and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule

The payment of a charge for unauthorized over-run shall not under any circumstances be considered as giving any such Customer the right to take unauthorized over-run volumes, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect its obligations to adhere to the provisions of its contract with the Company

The curtailment of interruptible transportation service deliveries in whole or in part under this schedule shall not be the basis for claims against the Company for any damages sustained by the Customers. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7

GENERAL TERMS AND CONDITIONS

Transportation Service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority

RATE SCHEDULE T-2
Interruptible Transportation Service With
Firm Gas Supply Backup

TRANSPORTATION SERVICE AGREEMENT

Interruptible Transportation Service provided hereunder shall be an annual service under a Transportation Service Agreement on an individual Customer basis.

AVAILABILITY

Available on an Interruptible basis to eligible large volume Customers Transportation Service shall be by Transportation Service Agreement in conjunction solely with service under Rate Schedule I-1

1. Service will be limited to Customers consistently using on an annual basis, a minimal daily volume of 100 Dths
2. The Customer's use under this rate shall not work a hardship on any other rate payers of Chattanooga Gas Company (Company), nor adversely affect any other class of the Company's Customers and further provided the Customer's use under this rate shall not adversely affect the Company's gas purchase plans and/or effective utilization of the daily demands under the Company's gas purchase contracts with its suppliers subject to review by the Tennessee Regulatory Authority when such review is requested by Customer
3. Customer must be on or adjacent to the Company's existing mains and the mains shall, in the Company's judgment, be adequate to serve the Customer's requirements without impairing service to other Customers
4. The gas shall be delivered through a single point of delivery and shall not be resold directly or indirectly, without the approval of the Company The Company is not authorized to give its approval if the purpose is to have two plants under common ownership, or separate ownership purchase gas through one meter
5. Service taken under this rate shall be by contract for a term of one year Once a qualified Customer elects service under this Rate Schedule, all service will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31 A new Customer beginning service after May 31 shall contract for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive service under Rate Schedule SS-1 concurrent with this Rate Schedule A Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule I-1 by giving written notice to the Company prior to March 1 of any year Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice A Customer receiving service under the I-1/ T-2 Rates Schedules as of March 1, 2005 that fails to submit an executed contract will receive service under Rate Schedule I-1 through May 31, 2006

MONTHLY BASE RATE

*Net Rate

Customer Base Use Charge

\$300 00

Demand Charge

Per Unit of Billing Demand

\$3 00 Per Dth

Commodity Charge

First 1,500 Dths Per Month

\$ 8945 Per Dth

Next 2,500 Dths Per Month

\$ 7644 Per Dth

Next 11,000 Dths Per Month

\$.4335 Per Dth

Over 15,000 Dths Per Month

\$ 2664 Per Dth

RATE SCHEDULE T-2 (Continued)

Firm Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates

* Company's Transportation Service Rate is in addition to all other applicable Pipeline Transportation Rates and Charges

MINIMUM BILL

The Minimum Monthly Bill shall be the Customer Base Use Charge as shown in the Monthly Base Rate as stated above plus the amount of the individual Customers' Monthly Demand Charge and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing

BILLING ADJUSTMENTS

Bills for Transportation Service hereunder shall be subject to adjustment for changes in the cost of Firm purchased gas demand charges in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority

Bills for gas service hereunder shall be subject to the provisions of the Interruptible Margin Credit Rider as approved by the Tennessee Regulatory Authority

SPECIAL TERMS AND CONDITIONS

In the event of curtailment of interruptible transportation service by the Company, the pipeline transporter, or Seller, the Company agrees to supply the contracted quantity of natural gas to the Customer stated in Dths/day pursuant to the terms and conditions of Rate Schedule I-1 and the related gas sales agreement thereto or any amendments thereto. It is the intent that the Customer at all times receives the contracted stated quantity of firm gas supply from interruptible transportation service or from firm natural gas sales purchased from the Company. Service hereunder, however, shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority

DATA COLLECTION EQUIPMENT

Customers provided service under this Rate Schedule shall be required to pay for the cost and installation of the Data Collection equipment (includes applicable income taxes). The Customer may elect to have the Data Collection equipment, other than the meter, installed by a qualified third party in accordance with the Company's specification. The meter and the connection of the data collections equipment to the meter shall be performed by the Company. All Customers shall also be required to pay the cost of any power, telephone lines, or wireless facilities necessary for the operation of such equipment

BALANCING

It shall be the Customer's responsibility to maintain a daily and monthly balance with the Company to insure system integrity and avoid any assessment of penalties against the Company by the Interstate Pipelines. To insure such, Customers are required to nominate on a daily basis. If the Company is assessed a penalty by a Customer's transporting pipeline, the Company shall have the right to pass-through all such penalties to the Customer to the extent the Customer or Customer's agent is responsible for causing the Company to be assessed such penalties

RATE SCHEDULE T-2 (Continued)

CASH OUT OF MONTHLY IMBALANCES

Any difference between the quantities delivered to the Company's city gate facilities for the account of the Customer for the month, and the quantities consumed by the Customer as metered for the month, shall be the monthly imbalance. This imbalance shall be resolved monthly by "cashing out" the imbalance as it is known at that time. If the Customer consumes more gas than the Customer has delivered to the Company, the Customer will be deemed to be "short" by the amount of the deficiency, and will buy an amount of gas equal to the deficiency from the Company in under the applicable I-1 Rate. If the Customer consumes less gas than it has delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus by paying the Customer a price equal to the lowest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in *Gas Daily* published by Platts, in the first issue of such publication following the date of the transaction, applicable surcharges and fuel on the relevant pipeline times the discount percentage corresponding to the percentage of the deficiency listed in the table below plus the 100% load factor FT transportation rate.

Percentage of the Imbalance	Long Discount
Equal to or less than 10%	100%
Over 10% & equal to or less than 15%	80%
Over 15% & equal to or less than 20%	60%
Over 20 %	50%

The Weighted Index Price" shall be derived from the prices published in *Gas Daily* from the Daily Price Survey.

Southern Natural , La	X	37%
	+	
Tennessee, zone 0	X	15%
	+	
Tennessee, La, 500 Leg	X	24%
	+	
Tennessee, La, 800 Leg	X	24%

The Company will collect gross receipt tax on the incremental gross gas related charges

Any difference between the actual cost of gas incurred by the Company and the Index prices defined above will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7. Increments or decrements which may result for the PGA will no apply to the cash-out mechanism

LIMITING AND CURTAILING GAS SERVICE

Transportation Service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

RATE SCHEDULE T-2 (Continued)

SPECIAL TERMS AND CONDITIONS

This schedule is subject to interruption on one-half-hour's notice given by the Company by telephone or otherwise. The Company will curtail transportation gas service to the Customers under this schedule in order to prevent a shortage of gas for the use of Customers under the Company's other rate schedules.

Customer shall immediately discontinue the use of transportation gas service, to the extent of curtailment ordered, when and as directed by the Company, and authorized representatives of the Company shall have at all times the right of ingress and egress to the Customer's premises. Upon determination by the Company that the necessity for curtailment has ceased the Company shall so notify the Customer by telephone or otherwise and the Customer shall not resume service until so notified.

In the event Customer takes daily gas deliveries in excess of Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the Customer at the greater of the rate of (1) \$15.00 per Dth or (2) the average daily index on curtailment days plus \$5.00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule.

The payment of a charge for unauthorized over-run shall not under any circumstances be considered as giving any such Customer the right to take unauthorized over-run volumes, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect its obligations to adhere to the provisions of its contract with the Company.

The curtailment of interruptible gas deliveries in whole or in part under this schedule shall not be the basis for claims against the Company for any damages sustained by the Customers. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7.

GENERAL TERMS AND CONDITIONS

Transportation service hereunder shall be subject to the company's rules and regulations as filed with the Tennessee regulatory authority. The effectiveness of this tariff sheet will terminate should it be determined by the Tennessee regulatory authority that the limiting provisions contained in paragraph 2 of the availability section of this rate schedule are required to be implemented.

RATE SCHEDULE SF-1

Experimental Semi-Firm Sales Service (SFSS)

AVAILABILITY

This Rate Schedule is a bundled sales service available to those Customers served under Chattanooga Gas Company's Interruptible Rate Schedule L-1, Interruptible Transportation Rate Schedule T-1, and/or Interruptible Transportation with Firm Supply Backup T-2, to assist such Customers with mitigating the volatility of gas costs by providing the option of using storage volumes when such volumes can be made available by the Company with no detriment to the Company's firm ratepayers.

Service under this Rate Schedule will be awarded to winning bidders for November 1 of the current year through March 31 of the following year (Heating Season). Service provided under this Rate Schedule may be interrupted on any given day contingent on the Company's ability to provide service to the Company's firm rate payers.

TITLE to GAS

All Gas dedicated to SFSS annually shall remain the property of the Company. Title to said dedicated Gas shall pass from the Company to the Customer when Gas is delivered to the Customer pursuant to the terms of this Rate Schedule

AVAILABLE VOLUMES

On August 1 of each year the Company will post the total Deliverability and Reserved Volumes that will be made available to eligible Customers under this Rate Schedule for the upcoming Heating Season. In addition the Company will post acceptable minimum seasonal Deliverability and Reservation Rates that would be acceptable to the Company as well as the commodity rate that will be applied to the total aggregate Reserved Volumes upon delivery. Customers eligible to receive service under SFSS may submit bids to the Company on or before August 20. Bids must include the following: Customer's desired Maximum Daily Deliverability, the dollar value the Customer places on the requested Maximum Daily Deliverability Volume in the form of a monthly unit Maximum Daily Deliverability Rate, Customer's desired total Reserved Volume, and the dollar value the Customer places on the requested Reserved Volume during the Heating Season in the form of a monthly unit Reservation Rate. On or before August 25 the Company will evaluate all bids and award the reserved Daily Deliverability and Reserved Volumes to the bid(s) generating the highest Net Present Value (NPV). However, in no event may a Customer's total Reserved Volume exceed the Customer's average daily usage during the previous twelve months times 30 days nor the Customer's Daily Deliverability exceed the Customer's highest demand day during the previous Heating Season. If an L-1 Customer nominates SFSS service for a given day and fails to burn such amount, then such volumes will be carried over to the subsequent day.

If two or more bids generate the same NPV and the requested volumes exceed the total Daily Deliverability or total Reserved Volume available for use under this Rate Schedule, the Daily Deliverability will be allocated to the winning bidders on a pro rata basis. On or before August 31 the winning bidders shall enter into a contract to purchase from the Company the requested and/or allocated Reserved Volume.

DELIVERABILITY

Service provided under this Rate Schedule on a daily basis is limited to the total remaining capacity of the Company after firm requirements are satisfied. In the event of a curtailment SFSS supply must be nominated and will be delivered as long as the Company's firm requirements are satisfied. If on any day, the Company is unable to meet the total SFSS nominations because the demand for Gas to be delivered under this Rate Schedule exceeds the Company's ability to deliver Gas using the Company's existing capacity, nominations will be confirmed based on the highest unit rate bid for the monthly Deliverability Rate. In the event multiple bids are the same the volumes will be reduced prorata. In no event will a Customer's cumulative receipt of Gas under this Rate Schedule exceed the Customer's total Reserved Volume for the Heating Season.

RATE SCHEDULE SF-1(Continued)

RATES

These rates are in addition to the rates applicable to the Customer under Rate Schedules L-1, T-1 and or T-2. The following charges shall be billed monthly during the Heating Season

- (a) Maximum Deliverability Rate - A charge per Dth applied to the Maximum Daily Deliverability that the Customer bid and the Company accepted
- (b) Reservation Rate - A charge per Dth applied to the Reserved Volume that the Customer bid and the Company accepted
- (c) Supplier Demand Rate - A charge per Dth for volumes delivered under this Rate Schedule during the preceding month. The purpose of this charge is to recover a proportional share of the fixed costs associated with the storage service(s) provided by the interstate pipeline company(ies) underlying this service. The charge shall be the total annual fixed costs divided by the total daily deliverability from storage divided by 151 days. All revenue collected from this charge shall be credited to the Deferred Gas Cost Account as recovered Demand Cost under the Purchased Gas Adjustment provision of the Company's tariff
- (d) Supplier Volumetric Rate - A charge per Dth for volumes delivered under this Rate Schedule during the preceding month. The purpose of this charge is to recover the total variable interstate pipeline costs associated with providing this service, including but not limited to the FT volumetric charge, storage injection and withdrawal charges and any and all associated fuel and surcharges. Revenues collected from this charge shall be credited to the Deferred Gas Cost Account as recovered Commodity cost under the Purchased Gas Adjustment provision of the Company's tariff
- (e) Commodity Rate - A rate per Dth for Gas delivered under this Rate Schedule during the preceding month. The rate to be applied to the Reservation Volumes will be posted on August 1 of any given year. Revenues collected from this charge shall be credited to the Deferred Gas Cost Account as recovered Commodity cost under the Purchased Gas Adjustment provision of the Company's tariff.
- (f) Carrying Cost - The monthly cost for retaining the Reserved Volumes contracted by Customer. The amount charged shall be billed monthly for the preceding months remaining reserved volumes multiplied by the Company's pretax authorized rate of return

Payment for the Maximum Daily Deliverability Charge and the Reservation Charge shall be in five equal monthly payments due on the first of the month beginning November 1. All other charges shall be due upon presentation. Payments received after the due date shall be for an amount which shall be greater by five percent (5%) than the net billing

RATE SCHEDULE SF-1 (Continued)

NOTIFICATION BY CUSTOMERS

Qualifying Customers that have been approved for SFSS volumes will notify the Company by fax or e-mail by 12 00 Noon prior to the effective Gas Day that they desire to use volumes available under this Rate Schedule. Customers will be notified via e-mail or fax when demand for gas volumes under this Rate Schedule are terminated or allocated due to deliverability limitations pursuant to the availability provisions of this Rate Schedule. Provision of Gas under this Rate Schedule will automatically end when the Customer has utilized the Customer's Reserved Volume for the applicable Heating Season.

VOLUME REMAINING AT MARCH 31

If a Customer does not utilize the Customer's total Reserved Volume awarded by the Company, the remaining volume as of April 1 will be transferred to the Company's system inventory.

RATE SCHEDULE T-3
Low Volume Transport

TRANSPORTATION SERVICE AGREEMENT

Transportation Service provided hereunder shall be an annual service under a Transportation Service Agreement on an individual Customer basis

AVAILABILITY

Available to commercial or industrial Customer consistently using on an annual basis, a minimal daily volume of 50 Dths or 18,250 Dths annually. Service taken under this rate shall be by contract for a term of one year. Once a qualified Customer elects service under this Rate Schedule, all service will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. A new Customer beginning service after May 31 shall contract for a term extending through the following May 31. A Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule C-1 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice.

MONTHLY BASE RATE

	<u>Winter</u> <u>Net Rate*</u> November-April	<u>Summer</u> <u>Net Rate*</u> May-October
<u>Customer Base Use Charge</u>	\$20 00	\$15 00
<u>Commodity Charge</u>		
First 3,000 Therms Per Month	27 667¢ Per Therm	21 722¢ Per Therm
Next 2,000 Therms Per Month	25 253¢ Per Therm	17 244¢ Per Therm
Next 10,000 Therms Per Month	24 599¢ Per Therm	16 077¢ Per Therm
Over 15,000 Therms Per Month	12 727¢ Per Therm	12 727¢ Per Therm

The Purchased Gas Adjustment computed in accordance with TRA Administrative Rule 1220-4-7 shall not apply. Other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

* Company's Transportation Service Rate is in addition to all other applicable Pipeline Transportation Rates and Charges.

MINIMUM BILL

The minimum monthly bill shall be the Customer Base Use as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

DATA COLLECTION EQUIPMENT

Customers provided service under this Rate Schedule shall be required to pay for the cost and installation of the Data Collection equipment (includes applicable income taxes). The Customer may elect to have the Data Collection equipment, other than the meter, installed by a qualified third party in accordance with the Company's specification. The meter installation and the connection of the data collections equipment to the meter shall be performed by the Company.

RATE SCHEDULE T-3 (Continued)

All Customers shall also be required to pay the cost of any power, telephone lines, or wireless facilities necessary for the operation of such equipment

SPECIAL TERMS & CONDITIONS

In the event Customer takes daily gas deliveries in excess of Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the Customer at the greater of (1.) the rate of \$15 00 per Dth or (2) the average daily index on curtailment days plus \$5 00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company

These additional charges shall be in addition to all other charges payable under this Rate Schedule

The payment of a charge for unauthorized or excess use shall not under any circumstances be considered as giving any such Customer the right to take unauthorized or excess volumes, or to purchase such unauthorized or excess volumes of gas on any of the Company's other rate schedules, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect Customer's obligations to adhere to the provisions of Customer's contract with the Company. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7.

CASH OUT OF MONTHLY IMBALANCES

Any difference between the quantities delivered to the Company's city gate facilities for the account of the Customer for the month, and the quantities consumed by the Customer as metered for the month, shall be the monthly imbalance. This imbalance shall be resolved monthly by "cashing out" the imbalance as it is known at that time. If the Customer consumes more gas than it has delivered to the Company, the Customer will be deemed to be "short" by the amount of the deficiency and will buy an amount of gas equal to the deficiency from the Company. The Customer shall pay a price equal to the highest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in *Gas Daily* published by Platts, in the first issue of such publication following the date of the transaction plus the 100% load factor FT transportation rate, applicable surcharges and fuel on the relevant pipeline times the premium percentage corresponding to the percentage of the deficiency listed in the table below plus the 100% load factor FT transportation rate. If the Customer consumes less gas than it has delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus by paying the Customer a price equal to the lowest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in *Gas Daily* published by Platts, in the first issue of such publication following the date of the transaction, applicable surcharges and fuel on the relevant pipeline times the discount percentage corresponding to the percentage of the deficiency listed in the table below plus the 100% load factor FT transportation rate

Percentage of the Imbalance	Short Premium	Long Discount
Equal to or less than 10%	100%	100%
Over 10% & equal to or less than 15%	120%	80%
Over 15% & equal to or less than 20%	140%	60%
Over 20%	150%	50%

RATE SCHEDULE T-3 (Continued)

The Daily Index Cost of Gas shall be derived from the prices published in *Gas Daily* in the Daily Price Survey.

Southern Natural , La	X	37%
	+	
Tennessee, zone 0	X	15%
	+	
Tennessee, La, 500 Leg	X	24%
	+	
Tennessee, La, 800 Leg	X	24%

The Company will collect gross receipt tax on the incremental gross gas related charges.

Any difference between the actual cost of gas incurred by the Company and the Index prices defined above will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7. Increments or decrements which may result for the PGA will not apply to the cash-out mechanism

LIMITING AND CURTAILING GAS SERVICE

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Public Service Authority

GENERAL TERMS AND CONDITIONS

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority

RATE SCHEDULE V-1

Natural Gas Vehicle Service

AVAILABILITY

Available for all gas service furnished to any gas Customer who uses Natural Gas as an energy source for the propulsion of motor vehicles when the natural gas is delivered by Chattanooga Gas Company (Company) into separately metered facilities which compress the natural gas for such use, who contract in writing for service under this Rate Schedule, and who provide the necessary facilities for the compression of such natural gas for delivery to vehicles

MONTHLY BASE RATE

Net Rate

Customer Base Use Charge

\$17 50

Commodity Charge

4 560¢ Per Therm

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes, including any amounts due in the form of motor fuel tax imposed by any governmental agency, as amended from time to time, shall be added to the above rates.

MINIMUM BILL

The minimum monthly bill shall be the Customer Base Use Charge as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

BILLING ADJUSTMENTS

Bills for gas service hereunder shall be subject to adjustments for changes in the cost of purchased gas in accordance with Purchased Gas Adjustments (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.

LIMITING AND CURTAILING GAS SERVICE

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

GENERAL TERMS AND CONDITIONS

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority as well as the contractual provisions contained in the contract for service hereunder.

RATE SCHEDULE SS-1

Special Service

AVAILABILITY

This Rate Schedule is available to any commercial, industrial or transportation service Customer on those occasions when Chattanooga Gas Company (Company) has gas or transportation service that it cannot sell pursuant to its Interruptible Rate Schedule L-1 or Interruptible Transportation Rate Schedule T-1. On such occasions, the gas or transportation sales would be lost to the Company and to its Customers. This Rate Schedule is designed to permit the Company to sell such gas, or transportation service at negotiated rates and for the purpose of enabling the Company to compete with alternate fuels available for use by its Customers.

Service under this Rate Schedule is available to Customers on a temporary basis within the franchised territory of the Company and who are connected to the Company's distribution system and to transportation service Customers who can be served by pipeline supplier transportation arrangements. Service may be provided under this Rate Schedule only in the event that the Company has volumes of gas or transportation service that cannot be sold under other applicable Rate Schedules of the Company because of alternate fuel competition.

MONTHLY RATE

The Customer shall pay the Company for all gas or transportation service provided under this Rate Schedule at a predetermined net rate negotiated prior to providing service.

MINIMUM BILL

The minimum bill shall be the applicable Customer Base Use Charge due under Rate Schedule L-1 or T-1 and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

ALTERNATE FUEL PRICE

In order to qualify for negotiated rates available under this Rate Schedule, the Customer shall furnish the Company with an affidavit setting forth the equivalent alternate fuel price, the quality of the alternate fuel, the quantity of the alternate fuel available at the current alternate fuel price and the period of time for which the current alternate fuel price will be effective.

SPECIAL TERMS AND CONDITIONS

When gas or transportation service is available for delivery under this Rate Schedule, the Company will always give recognition to both its own curtailment plan and those curtailment plans and requirement indexes of its pipeline suppliers to the end that available gas may reach the highest priority of service as determined from time to time by appropriate State and Federal regulatory authorities.

This Rate Schedule is subject to interruption on one-half-hour's notice given by the Company by telephone or otherwise. The Company will curtail gas or transportation service to the Customers under this Rate Schedule prior to curtailment of service under any other Rate Schedule in order to prevent a shortage of gas for the use of Customers under the Company's other rate schedules.

RATE SCHEDULE SS-1 (Continued)

SPECIAL TERMS AND CONDITIONS (Continued)

Customer shall immediately discontinue the use of gas or transportation service, to the extent of curtailment ordered, when and as directed by the Company, and authorized representatives of the Company shall have at all times the right of ingress and egress to the Customer's premises. Upon determination by the Company that the necessity for curtailment has ceased the Company shall so notify the Customer by telephone or otherwise and the Customer shall not resume service until so notified

In the event Customer takes daily gas deliveries in excess of Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the Customer at the greater of the rate of (1) \$15.00 per Dth or (2) the average daily index on curtailment days plus \$5 00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule

The payment of a charge for unauthorized over-run shall not under any circumstances be considered as giving any such right to take unauthorized over-run volumes, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect its obligations to adhere to the provisions of its contract with the Company

The curtailment of gas deliveries in whole or in part under this Rate Schedule shall not be the basis for claims against the Company for any damages sustained by the Customers Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7

GENERAL TERMS AND CONDITIONS

Service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority

RATE SCHEDULE BBS – 1

Budget Billing Service

AVAILABILITY

Available to any Residential or Firm Commercial Customer The Customer's gas account must be current when joining the Budget Billing plan.

GENERAL TERMS AND CONDITIONS

Customer Notification and Application Forms will be mailed in July of each year

The used-to-date amount consists of the total to date of the Customer's gas bills that the Customer would have incurred from the beginning of the budget plan had the Customer not been on the Budget Billing plan

The paid-to-date amount consists of all payments to date by the Customer toward the Budget Billing plan from the beginning of the budget plan

The budget year begins with the September billing and continues throughout the following August The monthly budget payment amount is determined from the premise's Annual Base The Annual Base is an actual or calculated dollar amount of the yearly gas usage for the premise For new Customers who begin the plan in September, the Annual Base is divided by 11 5 to determine the monthly budget installment amount.

Customers may join the plan at any time during the budget year Budget installments will be determined from the number of months remaining until the end of the budget year

The minimum monthly budget installment amount is \$5.00. The plan is renewed automatically each year The Customer may cancel the Budget Billing Agreement at any time upon making a request to return to Regular Billing status

If the account is past-due and the used-to-date amount exceeds the paid-to-date amount, the account may be removed from the budget plan at the company's option

BILLING ADJUSTMENTS

Budget Billing accounts are reviewed four times a year These reviews occur in November, February, May, and August The monthly installment amount may change with each review An account will not be reviewed in November or May if the budget plan has been in effect less than two months

In November, the monthly installment amount will be recalculated if the used-to-date and the billed-to-date amounts differ by more than one monthly budget bill installment The recalculated amount will be determined as follows. The amounts from the previous year's December through August bills are added to the November difference between the used-to-date and billed-to-date amounts. The total amount is divided by 8 5 If the difference between the current budget installment and the recalculated amount is greater than 35% of the current budget installment, the recalculated amount becomes effective in December.

RATE SCHEDULE BBS-1 (Continued)

In February, all Budget Billing accounts will be recalculated. The recalculated amount will be determined as follows. The amounts from the previous year's March through August bills are added to the February difference between the used-to-date and billed-to-date amounts. The total amount is divided by 5.5. When the current budget amount is \$50.00 or greater and the difference between the current and the recalculated amount is greater than \$5.00, then the recalculated amount becomes effective in March. When the current budget amount is less than \$50.00 and the difference in the current and recalculated amounts is greater than 10% of the current amount, then the recalculated amount becomes effective in March.

In May, the monthly installment amount will be adjusted if the used-to-date and the billed-to-date amounts differ by more than two monthly budget bill installments. The recalculated amount will be determined as follows. The amounts from the previous year's June through August bills are added to the May difference between the used-to-date and billed-to-date amounts. The total amount is divided by three (3). If the difference between the current budget installment and the recalculated amount is greater than 35% of the current budget installment, the recalculated amount becomes effective in June.

When Customers sign up for the Budget Payment Plan, they may choose to have their excess credits (difference), if any, rolled into the budget amount for next year or they may choose to settle the account at the end of the budget year.

Each Customer who elects the refund option will receive a refund if the difference between the used-to-date and billed-to-date amounts at the end of the budget year is a credit of \$25.00 or greater. A credit balance of less than \$25.00 will be refunded at the request of the Customer. If the difference is a debit, the difference will be billed to the Customer in August.

If the Customer elects the rollover option, a difference of \$12.00 or greater (debit or credit) will be rolled into the new budget year calculations. A difference of less than \$12.00 (debit or credit) will be billed as an adjustment to the regular August installment.

INTERRUPTIBLE MARGIN CREDIT RIDER

APPLICABILITY

This Rider shall apply to and become part of each of Chattanooga Gas Company's (Company's) Rate Schedules under which gas is sold on a firm basis (hereinafter referred to as "Firm Schedule").

INTENT AND APPLICATION

This Interruptible Margin Credit Rider is intended to authorize the Company to recover ninety percent (90%) of the gross profit margin losses that result from rates negotiated under the provisions of Special Service Rate Schedule SS-1 or from Customers who switch to alternate fuels where the Company is unable to meet alternate fuel competition

This Interruptible Margin Credit Rider is also intended to authorize the Company to recover not more than fifty percent (50%) of the gross profit margin that results from transactions with non-jurisdictional Customers that rely on the Company's gas supply assets (all such transactions including off-system sales) should such transactions be made by the Company

DETERMINATION OF GROSS PROFIT MARGIN LOSSES

The gross profit margin loss shall be calculated as ninety percent (90%) of the difference between the Test-Year Targeted Rate Margin as determined in the Company's most recent rate case order of the Authority and the Actual Negotiated Rate Margin

Any amount of gross profit margin losses shall be recovered from the firm commodity component of gas costs as determined under the presently effective Purchased Gas Adjustment Provision

FILING WITH THE AUTHORITY

Each negotiated rate gross profit margin loss accounting/recovery period shall correspond with the Company's Fiscal Year which ends December 31, each year

The Company shall charge all authorized negotiated rate gross profit margin losses to the "Deferred Gas Cost" account in accordance with Section III.C of the Authority's PGA Docket No. G86-1 and shall file the supplemental sheets required by this Rule showing the calculation of the margin losses.

WEATHER NORMALIZATION ADJUSTMENT

(WNA) RIDER

PROVISION FOR ADJUSTMENT

The base rate per CCF/therm (100,000 Btu) for gas service set forth in any rate schedules utilized by the Authority in determining normalized test period revenues shall be adjusted by an amount hereinafter described, which amount is referred to as the "Weather Normalization Adjustment."

DEFINITIONS

For Purpose of this Rider

"Authority" means the Tennessee Regulatory Authority.

"Relevant Rate Order" means the final order of the Authority in the most recent litigated rate case of Chattanooga Gas Company (Company) fixing the rates of the Company or the most recent final order of the Authority Specifically prescribing or fixing the factors and procedures to be used in the application of this Rider.

COMPUTATION OF WEATHER NORMALIZATION ADJUSTMENT

The Weather Normalization Adjustment shall be computed to the nearest one-hundredth cent per CCF/therm by the following formula.

$$WNA_i = R_i \frac{(NDD-ADD)}{(BL_i + (HSF_i \times ADD))}$$

Where

- | | | |
|------------------|---|--|
| i | = | any particular Rate Schedule or billing classification within any such particular Rate Schedule that contains more than one billing classification |
| WNA _i | = | Weather Normalization Adjustment Factor for the i th Rate Schedule or classification expressed in cents per CCF/therm |
| R _i | = | weighted average base rate (base rate less any embedded gas cost) of temperature sensitive sales for the i th schedule or classification utilized by the Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues |
| HSF _i | = | heat sensitive factor for the i th schedule or classification utilized by the Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues |
| NDD | = | normal billing cycle heating degree days utilized by the Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues |
| ADD | = | actual billing cycle heating degree days |
| BL _i | = | base load sales for the i th schedule or classification utilized by the Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues |

FILING WITH AUTHORITY

The Company will file as directed by the Authority (a) a copy of each computation of the Weather Normalization Adjustment, (b) a schedule showing the effective date of each such Weather Normalization Adjustment, and (c) a schedule showing the factors or values derived from the Relevant Rate Order used in calculating such Weather Normalization Adjustment.

WEATHER NORMALIZATION ADJUSTMENT

(WNA) RIDER COMPONENTS

<u>RATE SCHEDULE</u>	<u>WEIGHTED BASE RATE (\$THERM)</u>	<u>HEAT SENSITIVE FACTOR - HSF (THERM)</u>	<u>BASE LOAD - BL (THERM)</u>
<u>(R-1) RESIDENTIAL GENERAL SERVICE</u> Winter (November – April)	210406	191495	12.901
<u>(R-4) MULTI-FAMILY HOUSING SERVICE</u> Winter (November - April)	.183110	098985	18 695
<u>(C-1) COMMERCIAL AND INDUSTRIAL GENERAL SERVICE</u> Winter (November - April)	255481	811269	171 926

PURCHASED GAS ADJUSTMENT PROVISION PURSUANT TO RULE 1220-4-7 OF

THE TENNESSEE REGULATORY AUTHORITY RULES AND REGULATIONS

I GENERAL PROVISIONS

- A. This Purchased Gas Adjustment (PGA) Rider is intended to permit the Company to recover, in a timely fashion, the total cost of gas purchased for delivery to its Customers and to assure that the Company does not over-collect or under-collect Gas Costs from its Customers
- B. This Rider is intended to apply to all Gas Costs incurred in connection with the purchase, transportation and/or storage of gas purchased for general system supply, including, but not limited to, natural gas purchased from interstate pipeline transmission companies, producers, brokers, marketers, associations, intrastate pipeline transmission companies, joint ventures, providers of liquefied natural gas (LNG), liquefied petroleum gas (LPG), substitute, supplemental or synthetic natural gas (SNG), and other hydrocarbons used as feed-stock, other distribution companies and end-users, whether or not the Gas Costs are regulated by the Federal Energy Regulatory Authority and whether or not the provider of the gas, transportation or storage is affiliated with the Company
- C. To the extent practicable, any revision in the PGA shall be filed with the Authority no less than thirty (30) days in advance of the proposed effective date and shall be accompanied by the computations and information required by this Rider. It is recognized, however, that in many instances the Company receives less than 30 days notice from its Suppliers and that other conditions may exist which may prevent the Company from providing 30 days advance notice. Therefore, should circumstances occur where information necessary for the determination of an adjustment under this Rider is not available to the Company so that the thirty (30) days requirement may be met, the Company may, upon good cause shown, be permitted to place such rates into effect with shorter advance notice
- D. The rates for gas service set forth in all of the Rate Schedules of the Company shall be adjusted pursuant to the terms of the PGA, or any specified portion of the PGA as determined by individual Rate Schedule(s)
- E. No provision of this Rider shall supersede any provision of a Special Contract approved by the Authority

II DEFINITIONS

- A. “**Gas Costs**” shall mean the total delivered cost of gas paid or to be paid to Suppliers, including, but not limited to, all commodity/gas charges, demand charges, peaking charges, surcharges, emergency gas purchases, over-run charges, capacity charges, standby charges, gas inventory charges, minimum bill charges, minimum take charges, take-or-pay charges and take-and-pay charges (except as provided below), storage charges, service fees and transportation charges and any other similar charges which are paid by the Company to its gas suppliers in connection with the purchase, storage or transportation of gas for the Company's system supply
- B. “**Fixed Gas Costs**” shall mean all Gas Costs based on the Company's right to demand gas or transportation on a daily or seasonal peak; but unless otherwise ordered by the Authority, shall not include other charges paid for gas reserve dedication (e g, reservation fees and gas inventory charges), minimum bill charges, minimum take charges, over-run charges, emergency gas charges, take-or-pay charges or take-and-pay charges (all of which shall be considered commodity costs)

PURCHASED GAS ADJUSTMENT PROVISION (Continued)

- C **" Gas Charge Adjustment"** shall mean the per unit amount billed by the Company to its Customers solely for Gas Costs. The Gas Charge Adjustment shall be separately stated for firm Customers and for non-firm Customers
- D **" Suppliers"** shall mean any person or entity, including affiliates of the Company, who locates, purchases, sells, stores and/or transports natural gas or its equivalent for or on behalf of the Company. Suppliers may include, but not be limited to, interstate pipeline transmission companies, producers, brokers, marketers, associations, intrastate pipeline transmission companies, joint ventures, providers of LNG, LPG, SNG, and other hydrocarbons used as feed-stock, other distribution companies and end-users
- E **"Computation Period"** shall mean the twelve (12) month period utilized to compute Gas Costs. Such period shall be the twelve (12) month period ending on the last day of a month which is no more than 62 days prior to the filing date of a PGA
- F **"Demand Billing Determinants"** shall mean the annualized volumes for which the Company has contracted with Suppliers as of the first day of the Filing Month
- G **"Commodity Billing Determinants"** shall mean the total metered throughput, regardless of source, during the Computation Period, adjusted for known and measurable changes. Should the Company expect to purchase commodity gas from several Suppliers, the Company shall allocate to each supplier a percentage of the total metered throughput, regardless of source, during the Computation Period, adjusted for known and measurable changes. The percentage used to allocate among Suppliers shall be based on historical takes during the Computation Period, if appropriate, otherwise it shall be based upon the best estimate of the Company
- H **"Filing Month"** shall mean the month in which a proposed revision is to become effective

III COMPUTATION AND APPLICATION OF THE PGA

The PGA shall consist of three major components: (1) the Gas Charge Adjustment, (2) the Refund Adjustment, and (3) the Actual Cost Adjustment (ACA).

A **Computation of Gas Charge Adjustment**

The Company shall compute the jurisdictional Gas Charge Adjustment at such time that the Company determines that there is a significant change in its Gas Costs

- 1 **Formulas** The following formulas shall be used to compute the Gas Charge

$$\text{Firm GCA} = \left[\left(\frac{D+DACA}{SF} \right) - DB \right] + \left[\left(\frac{P+T+SR+CACA}{ST} \right) - CB \right]$$

$$\text{Non -Firm GCA} = \left(\frac{P+T+SR+CACA}{ST} \right) - CB$$

PURCHASED GAS ADJUSTMENT PROVISION (Continued)

2. Definitions of Formula Components.

GCA	=	The Gas Charge Adjustment in dollars per CCF/Therm, rounded to no more than five decimal places.
D	=	The sum of all fixed Gas Costs.
DACA	=	The demand portion of the ACA
P	=	The sum of all commodity/gas charges
T	=	The sum of all transportation charges
SR	=	The sum of all FERC approved surcharges
CACA	=	The commodity portion of the ACA
DB	=	The per unit rate of demand costs or other fixed charges included in base rates in the most recently completed general rate case (which may be zero if the Company so elects and the Authority so approves)
CB	=	The per unit rate of variable Gas Costs included in base rates in the most recently completed general rate case (which may be zero if the Company so elects and the Authority so approves)
SF	=	Firm sales
ST	=	Total sales

3. Determination of Factors for Gas Charge Adjustment.

a Demand Charges (Factor D)

All fixed Gas Costs that do not vary with the amount of gas purchased or transported, including, but not limited to, the product resulting from the multiplication of (1) the respective Demand Billing Determinants by (2) the demand rates effective the first day of the Filing Month and (3) any fixed storage charges.

b. Demand Actual Cost Adjustment (Factor DACA)

See Subsection C of Section III

PURCHASED GAS ADJUSTMENT PROVISION (Continued)

- c **Purchased Commodity Charges (Factor P)**
All commodity or other variable gas costs associated with the amount of gas purchased or transported including, but not limited to, the product resulting from the multiplication of (1) the respective Commodity Billing Determinants by (2) the respective supplier's commodity/gas rate which are known, or if not known which are reasonably anticipated, to be in effect on the first day of the Filing Month
- d **Transportation Charge (Factor T)**
The transportation charges actually invoiced to the Company during the Computation Period or expected to be invoiced to the Company during the current period
- e. **FERC Approved Surcharges (Factor SR)**
The sum of all FERC approved surcharges, including gas inventory charges or its equivalent, actually invoiced or expected to be invoiced to the Company during the Computation Period or to be effective the first day of the Filing Month by respective Suppliers
- f **Annual Cost Adjustment (Factor ACA)**
See Subsection C of Section III.
- g **Firm Sales (Factor SF)**
Total volumes billed to the Company's firm Customers during the Computation Period, regardless of source, adjusted for known and measurable changes.
- h. **Total Sales (Factor ST)**
Total volumes billed to all the Company's Customers during the Computation Period, regardless of source, adjusted for known measurable changes

4. Modification of Formulas.

The formulas set forth above are not designed for use with two-part demand/commodity rate schedules, therefore, the formulas may be modified for use with such rate schedules. In addition, the formulas may be modified from time to time to carry out the intent of this PGA Rider. Any amendment to the formulas shall be effective on the proposed effective date of the amendment unless the Authority shall act to suspend the proposed amendment within thirty days after the filing of the proposed amendment, in which case the proposed amendment shall be subject to notice and hearing

PURCHASED GAS ADJUSTMENT PROVISION (Continued)

5. Filing with the Authority.

The computation of the Gas Charge Adjustment shall be filed in accordance with the notice requirements specified in Subsection C of Section I of this Rider, and shall remain in effect until a revised Gas Charge Adjustment is computed and filed pursuant to this Rider

The Company shall file with the Authority a transmittal letter, an exhibit showing the computation of the Gas Charge Adjustment, a PGA tariff sheet, and any applicable revised tariff sheets issued by Suppliers.

The transmittal letter shall state the PGA tariff sheet number, the service area(s), the primary reasons for revision, and the effective date

If the Company proposes to recover any Gas Costs relating to (1) any payments to an affiliate or (2) any payments to a non-affiliate for emergency gas, over-run charges, take-or-pay charges, and take-and-pay charges (except as provided below) or (3) the payment of any demand or fixed charges in connection with an increase in contract demand, the Company must file with the Authority a statement setting forth the reasons why such charges were incurred and sufficient information to permit the Authority to determine if such payments were prudently made under the conditions which existed at the time the purchase decisions were made.

Any filing of a rate change under this Rider shall be effective on the proposed effective date unless the Authority shall act to suspend the proposed change within thirty days after the filing, in which case the filing shall be subject to notice and hearing

The recovery of pipeline take-or-pay charges which were the subject of Docket No U-87-7590 shall continue to be handled under procedures approved by this Authority in that docket until such time as such procedures may be modified or amended by further order of the Authority

B. Refund Adjustment.

The Refund Adjustment shall be separately stated for firm and non-firm Customers, and may be either positive or negative.

1. Computation of Refund Adjustment

The Company shall compute a Refund Adjustment on the last day of each calendar quarter using the following formulas :

$$\text{Firm RA} = \left(\frac{DR1-DR2}{SFR} \right) + \left(\frac{CR1-CR2 \pm CR3 \pm i}{STR} \right) - CB]$$

$$\text{Non -Firm RA} = \left(\frac{CR1-CR2 \pm CR3 \pm i}{STR} \right)$$

PURCHASED GAS ADJUSTMENT PROVISION (Continued)

2. Definitions of Formula Components.

RA	=	The Refund Adjustment in dollars per CCF/therm, rounded to no more than five decimal places
DRI	=	Demand refund not included in a currently effective Refund Adjustment, and received from Suppliers by check, wire transfer, or credit memo
DR2	=	A demand surcharge from a Supplier not includable in the Gas Charge Adjustment, and not included in a currently effective Refund Adjustment
CR1	=	Commodity refund not included in a currently effective Refund Adjustment, and received from Suppliers by check, wire transfer, or credit memo
CR2	=	A commodity surcharge from a supplier not includable in the Gas Charge Adjustment, and not included in a currently effective Refund Adjustment
CR3	=	The residual balance of an expired Refund Adjustment
1	=	Interest on the "Refund Due Customers' Account," using the average monthly balance based on the beginning and ending monthly balances. The interest rates for each calendar quarter used to compute such interest shall be a rate 2% below the arithmetic mean (to the nearest one-hundredth of one percent) of the prime rate value published in the "Federal Reserve Bulletin" or in the Federal Reserve's "Selected Interest Rates" for the 4th, 3rd, and 2nd months preceding the 1st month of the calendar quarter
SFR	=	Firm sales as defined in the Gas Charge Adjustment computation, less sales under a transportation or negotiated rate schedule
STR	=	Total sales as defined in the Gas Charge Adjustment computation, less sales under a transportation or negotiated rate schedule

3. Modification of Formula.

The formulas set forth above are not designed for use with two-part demand/commodity rate schedules; therefore, the formulas may be modified for use with such rate schedules. In addition, the formulas may be modified from time to time to carry out the intent of this PGA Rider. Any amendment to the formulas shall be effective on the proposed effective date of the amendment unless the Authority shall act to suspend the proposed amendment within thirty days after the filing of the proposed amendment, in which case the proposed amendment shall be subject to notice and hearing.

PURCHASED GAS ADJUSTMENT PROVISION (Continued)

4. Filing with the Authority.

The computation of the Refund Adjustment shall be filed in accordance with the notice requirements specified in Subsection C of Section I this Rider, and shall remain in effect for a period of twelve (12) months or for such longer or shorter period of time as required to appropriately refund the applicable refund amount

The Company shall file with the Authority a transmittal letter, exhibits showing the computation of the Refund Adjustment and interest calculations, and a PGA tariff sheet. The transmittal letter shall state the PGA tariff sheet number, the service area(s), the reason for adjustment, and the effective date. Should the Company have a Gas Charge Adjustment filing to become effective the same date as a Refund Adjustment, a separate transmittal letter and PGA tariff sheet shall not be necessary.

C. Actual Cost Adjustment.

Commencing with the initial effective date of this Rider, the Company shall calculate the ACA monthly. The Company may, at its option, file monthly to include the ACA in its calculation of the Gas Charge Adjustment but shall be required to do so at least annually. The ACA shall be the difference between (1) revenues billed Customers by means of the Gas Charge Adjustment and (2) the cost of gas invoiced the Company by Suppliers plus margin loss (if allowed by order of the Authority in another docket) as reflected in the Deferred Gas Cost account. The balance of said account shall be adjusted for interest at the rate provided for the calculation of interest with respect to the Refund Adjustment. The ACA shall be segregated into demand and commodity, and shall be added to or deducted from, as appropriate, the respective demand and commodity costs included in the Gas Charge Adjustment. Supplemental sheets showing the calculations of margin losses and cost savings shall also be provided.

D. Adjustments to Prior Period ACAs.

In the event that circumstances warrant a correction to or restatement of a prior period ACA, such correction or restatement shall be made in accordance with the ACA calculation in effect for the time period(s) to which the correction or restatement relates. The resulting adjustment shall then be added to or deducted from the appropriate ACA in the next ensuing ACA filing with the Authority.

E. Annual Filing with the Authority.

Each year, the Company shall file with the Authority an annual report reflecting the transactions in the Deferred Gas Cost Account. Unless the Authority provides written notification to the Company within 180 days, the Deferred Gas Cost Adjustment Account shall be deemed in compliance with the provisions of this Rider.

IV. GAS COST ACCOUNTING

To appropriately match revenues with cost of purchased gas as contemplated under this rule, the Company shall originally record the cost of purchased gas in a "Deferred Gas Cost" account. Monthly the Company shall debit "Natural Gas Purchases" with an amount equal to any gas cost component included in the Company's base tariff rates (base rate) plus the PGA rate, as calculated hereunder, multiplied by the appropriate sales volumes billed to Customers. The corresponding monthly credit entry shall be made to the "Deferred Gas Cost" account.

CURRENT LEVEL OF APPLICABLE TAXES

APPLICABILITY

This Schedule shall be applicable to all Rate Schedules and to each Customer rendered gas service hereunder except for those Customers qualifying for specific exemption. A copy of the appropriate State approved exemption certificate form shall be filed with the Company in order to qualify for exemption.

BILLING

The taxes due under this Schedule shall be included in the monthly bill for service rendered and shall be considered as an integral part of the total monthly bill due.

APPLICABLE TAXES

CITY OF CLEVELAND FRANCHISE TAX

This Tax shall be billed at the rate of 2% on the Cleveland Division Customers subject to the Tax.

STATE OF TENNESSEE SALES TAX

This Tax shall be billed as follows:

Residential - Tax Exempt Effective July 1, 1985

Multi-Family Housing Service - Billed at rate of 7%

Commercial and Industrial - Billed at rate of 7% unless Customer qualifies for special 1 1/2% rate or total exemption.

SCHEDULE FOR LIMITING AND CURTAILING GAS SERVICE

SUPPLY OR CAPACITY RELATED CURTAILMENTS

In situations when supply and capacity services contracted by the Company are not sufficient to meet the full requirements of Customers desiring sales services from the Company, the Company will first curtail service to interruptible sales and transportation Customers by priority of their margin contribution to the Company. Customers receiving discounted sales or transportation service will also be curtailed according to the discounted rates. In the event that further interruption is required, the Company will proceed with curtailment by margin contribution considering end use, impact on the local economy, and The Rules, Regulations, and Orders of the TRA and Laws of the State of Tennessee

The Company will curtail interruptible gas service to the Customers under this schedule in order to prevent a shortage of gas for the use of Customers under the Company's other rate schedules and to prevent Customers being served under other rate schedules being adversely affected as the result of gas being delivered under this rate schedule at a price that is below current costs

EMERGENCY SERVICE

The Company will make every reasonable effort to deliver plant protection volumes to industrial and commercial Customers that do not have standby fuel systems sufficient to prevent damage to facilities or danger to personnel, or to Customers that find it impossible to continue operations on the Customer's standby or alternate energy source as a result of a bona fide existing or threatened emergency. This includes the protection of such existing material in process that would otherwise be destroyed, or deliveries required to maintain plant production. All emergency gas service is of a discretionary nature and implies no present or future obligation of the Company to any Customer to provide such service on either a temporary or continuing basis. Deliveries of gas hereunder shall be made pursuant only to advance operating arrangements between the Company's authorized personnel and the Customer and shall be subject to curtailment and interruption at any time should the Company deem it necessary

ECONOMIC CURTAILMENT

Service to interruptible sales service Customers may be curtailed in the event that continuing such service could adversely affect the Customers being served under the Firm Sales Service Rate Schedules as the result of the interruptible PGA being below current costs

LIMITING FIRM GAS SERVICE

Large commercial and industrial firm gas service entitlements shall at all times be limited by contract as to annual, monthly, and daily volumes. Contract amounts as to annual, monthly, and daily volumes are subject to change by Company as supply conditions or Customer consumption patterns warrant. Any quantity of gas exceeding specified contract amounts taken by Customer without Company's advance written approval will be subject to unauthorized over-run penalty as prescribed below

UNAUTHORIZED OVER-RUN PENALTY

If at any time a Customer exceeds specified contract entitlements or if, during any Curtailment Period, any Affected Customer takes, without Company's advance written approval, a volume of natural gas in excess of the Curtailment Period Quantity Entitlement applicable to such Customer, said volume shall constitute unauthorized over-run volume. Such unauthorized over-run volume taken by such Customer, shall be paid for by the Customer at the greater of the rate of (1) \$15.00 per Dth or (2.) the average daily index on curtailment days plus \$5.00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Scheduler. The payment of a penalty for unauthorized over-run shall not under any circumstances be considered as giving any such Customer the right to take unauthorized over-run, nor shall such payment be considered as a substitute for any other remedies available to Company or any other Customer against the offending Customer for failure to adhere to its obligations under the provisions of this Schedule. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7.

CURRENT LEVEL OF PURCHASED GAS ADJUSTMENT (IN DOLLARS PER Dth)

Effective Date	<u>I-1</u> <u>Demand</u>	<u>I-1</u> <u>Commodity</u>	<u>* L-1</u> <u>Commodity</u>	<u>T-2 Demand</u>	<u>V-1</u> <u>Commodity</u>	<u>All Other</u> <u>Commodity</u>
BASE PGA RATES Per Dth						
10/01/2004 <u>a/</u>	\$6 7896	\$7.0454	\$7 6894	\$6 7896	\$7 2686	\$8 4869
Adjustment Effective						

Current PGA Rate	\$6 7896	\$7 0454	\$7.6894	\$6.7896	\$7 2686	\$8.4869
---------------------	----------	----------	----------	----------	----------	----------

a/ PGA effective June 1, 2004.

*The L-1 commodity rate shall also be applicable to the air conditioning rate for rate schedules R-1, R-4
AND C-1

CURRENT LEVEL OF SURCHARGES AND REFUND CREDITS

AMOUNTS INDICATED BELOW APPLY TO THE BILLING
DETERMINANTS
OF EACH INDIVIDUAL TARIFF

RATES Billing Unit	I-1	I-1	L-1	T-1	T-2	T-2	All Other	A/C	V-1
	Demand	Commodity	Commodity	Commodity	Demand	Commodity	Therm	Therm	Therm
	Dth	Dth	Dth	Dth	Dth	Dth	Therm	Therm	Therm
IMCR Refund 4/1/2004*	(0 8250)	0 0000	0 0000	0 0000	(0 8250)	0 0000	(0 0173)	0 0000	0 0000
ACA 02-03 **	(0 8830)	0 1083	0 1083	0 0000	(0 8830)	0 0000	(0 0086)	0 0108	0 0000
TOTAL	<u>(1 7080)</u>	<u>0 1083</u>	<u>0 1083</u>	<u>0 0000</u>	<u>(1 7080)</u>	<u>0 0000</u>	<u>(0 0259)</u>	<u>0 0108</u>	<u>0 0000</u>

*IMCR refund made effective July 1, 2003 terminated Effective March 31, 2004 Un-refunded balance as of 12/31/2003 is included in IMCR Refund Credit effective 4/1/2004

**ACA02-03 Effective October 1, 2003 for a period of 12 months or shorter as may be required

PERFORMANCE-BASED RATEMAKING

APPLICABILITY

This Performance-Based Ratemaking Mechanism (PBRM) is designed to encourage the utility to maximize its gas purchasing activities at minimum cost consistent with efficient operations and service reliability. Each plan year will begin July 1. The annual provision and filings herein will apply to this annual period. The PBRM will continue until it is either (a) terminated at the end of a plan year or by not less than 90 days notice by the Company to the Authority or (b) modified, amended or terminated by the Authority.

OVERVIEW OF STRUCTURE

The Performance-Based Ratemaking Mechanism establishes predefined monthly benchmark indexes to which the Company's commodity cost is compared.

BENCHMARK INDEX

Each month, Chattanooga Gas Company (Company / Chattanooga) will compare its actual commodity cost of gas to the appropriate benchmark amount. The benchmark gas cost will be computed by multiplying actual purchase quantities for the month, including quantities purchased for injection into storage, by the appropriate benchmark price index.

Spot Market Purchases:

The monthly spot market benchmark is the "Index" price published in the first issue of the delivery month of *Inside FERC's Gas Market Report* in the table titled "Price of Spot Gas Delivered to Pipelines," denoted in the column labeled "Index" and the row for the applicable "Pricing Point."

Swing Purchases

For swing purchases, the benchmark "Index" price for gas delivered on any day upon which *Gas Daily* is published, is equal to the Gas Daily-Midpoint price for the immediately following day under the heading "Daily Price Survey." For gas delivered on Saturday, Sunday, or any other day upon which *Gas Daily* is not published, the price index is equal to the Daily-Midpoint for the nearest subsequent day published by *Gas Daily*.

Long-term purchases

For long term purchases, i.e., a term more than one month, the "Index" price published in the first issue of the delivery month of *Inside FERC's Gas Market Report* in the table titled "Price of Spot Gas Delivered to Pipelines" denoted in the column labeled "Index" and the row for the applicable "Pricing Point" will be adjusted for the Company's rolling three-year average premium paid to ensure long-term supply availability during peak periods.

City Gate Purchases

For city gate purchases where gas is delivered by the supplier to the local distribution company, the indexes will be adjusted for the avoided transportation costs that would have been paid if the upstream capacity were purchased versus the demand charges actually paid to the supplier.

PERFORMANCE-BASED RATEMAKING (Continued)

PRUDENCE DETERMINATION

If Chattanooga's total commodity gas cost for the plan year does not exceed the total benchmark amount by one percentage point (1%) for a plan year ending after June 30, 2000, Chattanooga's gas cost will be deemed prudent and the audit required by Tennessee Regulatory Authority's Administrative Rule 1220-4-7- 05 is waived. If during any month of the plan year, the Company's commodity gas cost exceeds the benchmark amount by greater than two percentage points (2%), the Company shall file a report with the Authority fully explaining why the cost exceeded the benchmark.

FILING WITH THE AUTHORITY

The Company will file an annual report not later than 60 days following the end of each plan year identifying the actual cost of gas purchased and the applicable index for each month of the plan year.

Unless the Authority provides written notification to the Company within 180 days of such reports, the annual filing shall be deemed in compliance with the provisions of this Service Schedule.

PERIODIC INDEX REVISIONS

Because of changes in the natural gas marketplace, the price indices used by Chattanooga and the composition of Chattanooga's purchased gas portfolio may change. The Company shall, within 30 days of identifying a change to a significant component of the mechanism, provide notice of such change to the Authority. Unless the Authority provides written notice to Chattanooga within 30 days of the Company's notice to the Authority, the price indices shall be deemed approved as proposed by the Company.

CHATTANOOGA GAS COMPANY

2207 OLAN MILLS DRIVE

CHATTANOOGA, TENNESSEE 37421

TRA NO. 2

RULES AND REGULATIONS FOR THE COMPANY'S GAS SERVICE

**IN
HAMILTON AND BRADLEY COUNTIES,
TENNESSEECHATTANOOGA GAS COMPANY**

**SUMMARY OF TPSC NO.2 RULES AND REGULATIONS
CHANGES**

EFFECTIVE DATE: OCTOBER 1, 2004



Chattanooga Gas

APPLICABILITY

These rules and regulations are applicable to Customers served by the Chattanooga Gas Company (Company) within the Certificated areas in Bradley and Hamilton Counties.

DEFINITIONS

As herein used.

"Applicant"	means any person who has made application to Company for gas service
Authority	means the Tennessee Regulatory Authority
BTU	means British Thermal Unit measured at a pressure of 14 73 PSIA at 60 degrees Fahrenheit on a dry basis
Business Day	means any day from Monday through Friday inclusive, excluding any holiday observed by the Company
Citygate	means a point at which the facilities of an interstate pipeline company interconnect with the facilities of the Company.
Commercial Service	applies to Customers engaged in selling, warehousing, or distributing a commodity, in some business activity or in a profession, or in some other form of economic or social activity (office, stores, clubs, hotels, etc.), and to service which does not directly come in one of the other classifications of service
Company	means Chattanooga Gas Company
Consumer or Customer	means an individual, firm, or organization who purchases service at one or location under one rate classification contract
Dekatherm (Dt or Dth)	means 10 Therms or one million Btus (1MMBtus)
Distribution Service	means the delivery of Natural Gas by and through the Intrastate facilities of the Company, regardless of the identity of the party who has title to the Natural Gas
Distribution System	means the gas pipes owned and operated by the Company for the distribution of gas for delivery to Customers up to but not beyond the point of delivery
Firm Customer	means a Customer who purchases a Gas Service on a Firm basis
Firm Service	means a type of Gas Service that ordinarily is not subject to interruption or curtailment

DEFINITIONS (Continued)

Gas or Natural Gas	means any mixture of hydrocarbons or of hydrocarbons and noncombustible gases in a gaseous state, consisting predominantly of methane
Gas Day	means the period of 24 consecutive hours beginning at 10:00 a.m., Standard time
Gas Service	means any service offered in connection with the delivery or sale of Gas
Imbalance	mean the difference at any time, whether positive or negative, between the volumes of Gas received into a Pool by or on behalf of a Customer and the volumes of Gas delivered by the Company on behalf of such Customer
Industrial Service	applies to Customers engaged in a process which creates or changes raw or unfinished materials into another form or product.(Factories, mills, machine shop, mines, oil wells, refineries, pumping plants, creameries, canning or packing plants, shipyards, etc , i e., in extractive, fabricating or processing activities)
Interruptible Customer	means a Customer who purchases a Gas Service on an Interruptible basis.
Interruptible Schedule	means each of the Company's Rate Schedules or contracts under which Gas Service is provided on an Interruptible basis
Interruptible	means a type of Gas Service that is subject to interruption or curtailment
LNG	means Liquefied Natural Gas
Main	means the gas pipe other than Service Line
Month	means the period beginning on the first Day of a calendar month and ending on the beginning of the first Day of the next succeeding calendar month
Person	means any corporation, whether public or private, company; individual, firm, partnership, or association
PGA Rider	means the Company's Purchased Gas Adjustment Rider
PSIA	means pounds per square inch absolute
Residence	means a parcel or tract of land upon which a residence, building, structure, or other facility containing a particular set of gas-consuming appliances is located
Residential Service	applies to Customers supplied for residential purposes on an individual basis in a single family dwelling or building, or in an individual flat or apartment in a multiple family dwelling or building or portion thereof occupied as the home, residence or sleeping place of one or more persons
SNG or Southern	means Southern Natural Gas Company
Tariff	means all Rate Schedules, Terms of Service, and Rules and Regulations approved by the Authority relative to Gas Service provided by the Company.
Tennessee Pipeline	means Tennessee Gas Pipeline Company
Therm	means 100,000 Btus

DEFINITIONS (Continued)

Point of Delivery	means the outgoing side of the meter(s) or regulator(s) installed and maintained by the Company for the purpose of measuring gas delivered to Customer.
Service	means gas service
Special Contract	means a contract for Service on forms furnished by the Company
Service Stub	means gas pipe laid from main to Customer's property line.
Service Line	means the gas pipe laid from Customer's line to Point of Delivery

APPLICATION FOR SERVICE

Service will be rendered by the Company upon application by the Customer for service and the acceptance thereof by the Company

Company will make extensions of its distribution system pursuant to the provisions hereinafter set forth.

RESIDENTIAL MAIN AND SERVICE EXTENSIONS

Service lines and distribution mains necessary to furnish permanent service to Applicants for Residential Service within established service areas of the Company will be constructed by the Company in accordance with the following provisions:

A. Definitions

- (1) Approach Main - main constructed outside the property boundaries of the development or premises of the Applicant for which gas service is requested
- (2) Project Main - main constructed within the property boundaries of the development or premises of the Applicant for which gas service is requested.
- (3) Gas Consumption Bulletin - a bulletin showing the estimated annual consumption of various gas appliances by residential Customers as determined from time to time by the Company.
- (4) Infill Potential - the estimated additional gas loads that will be served from the Approach Main at locations outside the development or premises for which gas service is requested

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

- (5) Revenues - Revenues shall be computed for the estimated annual consumption at the current rates excluding gas cost, other rider and tracker revenues, and any taxes added to the Customer's bill

B General

The Company will construct, own, operate and maintain gas distribution mains generally along public streets, roads and highways which the Company has the legal right to occupy and, at the Company's election, on public lands and private property across which rights-of-way satisfactory to the Company may be obtained without cost to the Company

The Company will construct, own, operate and maintain a service line of suitable capacity from its distribution main to the curb or right-of-way line of a public street, highway, road or alley upon which the residential structure to be served faces and abuts at no cost to the Applicant. Additional facilities will be provided pursuant to the following provisions

C Extension of Main and Service

(1) Calculation of Allowable Investment

- a. The allowable investment in metering and regulating equipment, main and service line to be made by the Company without contribution or payment by the Applicant shall not exceed the Estimated Annual Revenues from the extension divided by the Levelized Annual Carrying Charge Rate applicable to the investment.
- b. The Levelized Annual Carrying Charge Rate shall be calculated by using the weighted average cost of capital as determined in the Company's last rate proceeding adjusted for taxes and depreciation required to recover the Company's investment over the expected economic life of the investment as determined from time to time by the Company. These costs will be discounted at the cost of capital.
- c. The required investment in metering and regulating equipment shall be based on engineering cost estimates as determined by the Company.
- d. The cost per foot for service lines and main extensions will be based upon the system wide average unit cost per foot as determined by the Company from the actual installed cost of such service lines and mains for the latest three-year fiscal periods of the Company.
- e. Estimated Annual Revenues shall be based upon the usage of the appliance that the Applicant has committed contractually to install as shown in the applicable Gas Consumption Bulletin of the Company in Appendix A of the Rules and Regulations at the approved rates of the Company in effect when construction of the extension begins less certain direct expenses (meter reading, billing, etc.) and infrastructure expenses (right-of-way crossings, etc.) as approved from time to time.

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

- f. To the extent that the extension required investment in Approach Main, Estimated Annual Revenues may also include Revenues associated with Infill Potential, as hereinafter defined, provided, however, that revenues associated with Infill Potential may not exceed fifty percent (50%) of Project Revenues.
- g. "Revenues Associated with Infill Potential" means revenues, adjusted for any additional costs, which, based upon analyses of the Company's extensions for residential service in comparable areas, can be expected within a five year period from the Approach Main in addition to Project Revenues
- h. The economic life factor used in computing the Levelized Annual Carrying Charge Rate hereunder shall be 15 years where natural gas space heating is installed; 10 years where natural gas water heating is installed as the principal gas appliance and 5 years for any other equipment. The Company reserves the right to recognize any conditions that would make the use of a typical economic life factor imprudent.

(2) Order of Application

- a. The allowable investment shall be applied in the following order to the equipment and facilities required in the extension: metering and regulating equipment; service line, Project Main, and Approach Main
- b. In the event that the allowable investment is not sufficient to cover the cost of the equipment and facilities required in the extension, the Applicant will be required to pay the excess costs, determined in accordance with the provision of subparagraph (1) above.

(3) Limitations

No allowable investment will be made for auxiliary or incidental uses of gas. The Company shall not be required to provide any connection to the Company's system where such connection may have an adverse impact on existing Customers unless the Authority has prescribed a tariff provision designed to eliminate such adverse impact on existing Customers.

(4) Length and Location

- a. The length of main required for a main extension or the length of service line will

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

be considered as the distance along the shortest practical route, as determined by the Company, from the Company's nearest distribution main capable, in the opinion of the Company, of properly supplying the Applicant. Irrespective of the total allowable investment, the Company shall not be required to extend a main or service line a greater distance than necessary in the judgment of the Company to serve an Applicant.

- b. The service line shall be of the size and type required to supply the principal requirements of the premises served, and shall extend from the curb to the first reasonably acceptable meter location as determined by the Company
- c. Company reserves the right to designate the locations and specifications for the main taps, service lines, curb cocks, meters and regulators and to determine the amount of space which must be left unobstructed for the installation and maintenance thereof. Applicant may request an alteration of such designation and, if consented to by the Company, the cost of such revised designation in excess of the cost of the original Company design shall be borne by the Applicant regardless of whether the length of service line laid as requested by Applicant comes within the allowable investment provided in this rule

(5) Extensions Beyond the Free Length

a Payment Provisions

Extensions of mains or service lines beyond the allowable investment will be made by the Company provided that the Applicant pays to the Company the excess cost of such main or service lines. Such payment may be made over 36 months provided that the Applicant executes an appropriate finance agreement with the Company. Interest on unpaid balances shall accrue from the date construction is completed at a rate equal to the then existing prime rate (as defined in the Money Rates Section of the Wall Street Journal) plus 3 percent. The interest rate shall be adjusted on the 1st day of April of each succeeding year to the then existing prime rate plus 3 percent.

b Adjustment of Allowable Investment and Payments

- (i) A survey will be made by the Company within one year after service is commenced to a Customer at a particular residential unit and in any event within three years after the date of completion of the main extension to determine the appliances or equipment in use at the development or premises of the Applicant served by the extension
- (ii) If, based upon the appliances or equipment found to be in use, there is a lesser allowable investment than that originally granted and a payment is

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

required in addition to any prior payment by the Applicant, such additional payment shall be paid by the Applicant

- (iii) The Company may grant a reasonable extension of time for the Applicant to install the appliances or equipment originally agreed upon, provided that the failure to install such appliances or equipment was due to reasons beyond the control of the Applicant.

c No Refund of Payments

There will be no refunds associated with any payments, contributions or advances hereunder

d. One Service Line for a Single Premises

The Company will not install more than one service line to supply the premises of an individual Customer unless for the convenience of the Company or an Applicant requests an additional service line and, in the judgment of the Company, an unreasonable burden would be placed on the Applicant if the additional service line were not installed. When an additional service line is installed under these conditions at the Applicant's request, the Applicant shall pay for the entire length of said additional service line, meter and regulating equipment at the costs provided in subparagraph C (1) above.

e. Relocation of Service

- (i) When in the judgment of the Company the relocation of a service line, including metering and regulating facilities, is necessary to maintain adequate service or for the operating convenience of the Company, the Company shall relocate the same at its expense.
- (ii) If relocation of a service line, including metering and regulating facilities, is for the convenience of the Applicant or the Customer, such relocation shall be performed by the Company at the expense of the Applicant or the Customer.

D. Special Conditions

(1) Contracts

The Applicant will be required to execute a contract covering the terms under which the Company will install mains, services, metering and regulating equipment in accordance with the provisions of these Rules and Regulations. The contract will provide that the Applicant will install, commence using in a bona fide manner within six months after the date of the completion of the extension and continue to so use for

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

a period of five years, those appliances and items on which the Company's allowable investment is based. Such contract will also provide that if the Applicant fails to take service or fails to install one or more of such appliances or items, the Company may calculate and bill the Applicant and the Applicant shall pay an amount according to the Company's residential main and service extension rules in effect at the time the extension was made as if service had been requested on the basis of the actual appliances and equipment installed and utilized. If the Applicant is a developer or builder, the Applicant will install all the appliances on which the extension was based within three years of completion of the total project or shall pay the Company in accordance with the provisions of subparagraph C (5) (b) above.

(2) Periodic Review

The Company will periodically determine the system wide average costs of construction of mains, services and metering and regulating equipment, and publish the average costs on April 1st of each year as Appendix A to this tariff and file those updates with the Tennessee Regulatory Authority with a proposed effective date of three months from the date of filing.

(3) Extension for Temporary Service

Extension for temporary service or for operations which in the Company's opinion are of a questionable permanence will not be made under this rule, but will be made in accordance with the rule pertaining to temporary service.

(4) Service From High Pressure Mains

Service shall be provided from a normal distribution facility of the Company. Company reserves the right, at its sole option, to refuse to extend facilities from any of its lines operating at pressures in excess of 125 pounds.

(5) Title to Facilities

Legal and equitable title to all mains installed by the Company upon which an advance, contribution, or other payment has been made, shall be and remain in the Company, and the Company shall have the right without the consent of, or any refund to, any party who made such advance, contribution, or other payment.

a. To extend the gas main or connect additional gas mains to any part of it

b. To serve new additional Customers at any time through service connections attached to such main or to extended or connected gas mains.

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

(6) Exceptional Cases

In unusual circumstances when the application of this rule appears impractical or unjust to either party as a result of circumstances that result in the actual cost of constructing the facilities being materially different than the average costs specified in (C) above, actual costs may be used to determine the required Customer contribution. If application of this rule appears impractical or unjust to either party for other reasons, the Company or the Applicant may refer the matter to the Tennessee Regulatory Authority for special ruling thereon prior to commencing construction.

E. Filings with the Authority

Any filings required to be made with the Authority as a result of this rule shall be filed with the Authority on April 1 of each year. In the event the accounting records necessary to make the required filings are not available to the Company prior to the April 1 filing deadline, the Company shall receive an additional 15 days to file upon filing a written extension request with the Authority prior to April 1.

NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS

Service lines and distribution mains necessary to furnish permanent service to Applicants for Non-Residential Service within established service areas of the Company will be constructed by the Company in accordance with the following provisions:

A. General

The Company will construct, own, operate and maintain gas distribution mains generally along public streets, roads and highways which the Company has the legal right to occupy and, at the Company's election, on public lands and private property across which rights-of-way satisfactory to the Company may be obtained without cost to the Company.

The Company will construct, own, operate and maintain a service line of suitable capacity from its distribution main to the premises of the Applicant. All such main and service facilities will be provided pursuant to the following provisions:

B. Extension of Main and Service

(1) Calculation of Allowable Investment

- a. The allowable investment in metering and regulating equipment, main and service line to be made by the Company without contribution or payment by the Applicant shall not exceed the Estimated Annual Revenues from the extension divided by the Levelized Annual Carrying Charge Rate applicable to the Investment.

NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

- b. The Levelized Annual Carrying Charge Rate shall be calculated by using the weighted average cost of capital as determined in the Company's last rate proceeding adjusted for taxes and depreciation required to recover the Company's investment over the expected economic life of such investment as determined from time to time by the Company. These costs will be discounted at the Company's cost of capital.
 - c. The required investment in metering and regulating equipment shall be based upon engineering cost estimates as determined by the Company.
 - d. The cost per foot for service lines and main extensions will be based upon the system wide average unit cost per foot as determined by the Company from the actual installed cost of such service lines and mains for the latest three-year fiscal period of the Company.
 - e. The economic life factor used in computing the Levelized Annual Carrying Charge Rate hereunder shall be 15 years for firm service to apartments, office buildings, churches and schools, and ten years to any other firm service including mobile home parks. For interruptible service the economic life factor shall be five years. The Company reserves the right to adjust the economic life factors to recognize any conditions that would make the use of a typical economic life factor imprudent. The economic life of industrial service shall not be greater than the length of gas service contract in years.
 - f. Estimated Annual Revenues shall be based upon the contractual commitment of the Customer for annual consumption at the approved rates of the Company in effect when construction of the extension begins less certain direct expenses (meter reading, billing, etc) and infrastructure expenses (right-of-way crossings, etc) as approved from time to time.
- (2) Order of Application
- a. The allowable investment shall be applied in the following order to the equipment and facilities required in the extension. metering and regulating equipment, service line; and main.
 - b. In the event that the allowable investment is not sufficient to cover the cost of the equipment and facilities required in the extension, the Applicant will be required to pay the excess costs, determined in accordance with the provision of subparagraph (1) above.

NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

(3) Limitations

No allowable investment will be made for auxiliary or incidental uses of gas. The Company shall not be required to provide any connection to the Company's system where such connection may have an adverse impact on existing Customers unless the Authority has prescribed a tariff provision designed to eliminate such adverse impact on existing Customers.

(4) Length and Location

- a. The length of main required for a main extension or the length of service line will be considered as the distance along the shortest practical route, as determined by the Company, from the Company's nearest distribution main, capable in the opinion of the Company of properly supplying the Applicant. Irrespective of the total allowable investment, the Company shall not be required to extend a main or service line a greater distance than necessary in the judgment of the Company to serve an Applicant.
- b. The service line shall be of the size and type required to supply the principal requirements of the premises served, and shall extend from the Company's main to the first reasonable acceptable meter location as determined by the Company.
- c. Company reserves the right to designate the locations and specifications for the main taps, service lines, curb cocks, meters and regulators and to determine the amount of space which must be left unobstructed for the installation and maintenance thereof. Applicant may request an alteration of such designation and, if consented to by the Company, the cost of such revised designation in excess of the cost of the original Company design shall be borne by the Applicant regardless of whether the length of service line laid as requested by Applicant comes within the allowable investment provided in this rule. Further, the Company may require Applicant to provide both power and phone lines to the location of such metering facilities.

(5) Extensions Beyond the Free Length

a. Payment Provisions

Extensions of mains or service lines beyond the allowable investment will be made by the Company provided that the Applicant pays to the Company the excess cost of such main or service lines.

NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

b Adjustment of Allowable Investment and Payments

- (i) Within one year after service is commenced to a Customer, the Company will determine if the annual usage determined in accordance with Section B (I) (e) above has been met.
- (ii) If, based upon the above determination, there is a lesser allowable investment than that originally granted, and a payment is required in addition to the prior payment by the Applicant, if any, such additional shall be paid by the Applicant
- (iii) The Company may grant a reasonable extension of time for the Applicant to raise annual consumption to the level agreed upon, provided that the failure to reach that level of consumption was due to reasons beyond the control of the Applicant

c No Refunds of Payments

There will be no refunds associated with any payments, contributions or advances hereunder.

d. One Service Line for a Single Premise

The Company will not install more than one service line to supply the premises of an individual Customer unless for the convenience of the Company or an Applicant requests an additional service line and, in the judgment of the Company, an unreasonable burden would be placed on the Applicant if the additional service line were not installed. When an additional service line is installed under these conditions at the Applicant's request, the Applicant shall pay for the entire length of said additional service line, meter and regulating equipment at the costs provided in subparagraph B (1) above.

e Relocation of Service

- (i) When in the judgment of the Company the relocation of a service line, including metering and regulating facilities, is necessary to maintain adequate service or for the operating convenience of the Company, the Company shall relocate the same at its expense
- (ii) If relocation of a service line, including metering and regulating facilities, is for the convenience of the Applicant or the Customer, such relocation shall be performed by the Company at the expense of the Applicant or the Customer

NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

C Special Conditions

(1) Contracts

The Applicant will be required to execute a contract covering the terms under which the Company will install mains, services, metering and regulating equipment in accordance with the provisions of these Rules and Regulations. The contract will provide that the Applicant will install, commence using in a bona fide manner within six months after the date of the completion of the extension and continue to so use for a period of five years, those appliances and items on which the Company's allowable investment is based. Such contract will also provide that if the Applicant fails to take service or fails to consume sufficient gas to produce the Estimated Annual Revenues, the Company may calculate and bill the Applicant and the Applicant shall pay an amount according to the Company's non-residential main and service extension rules in effect at the time the extension was made as if service had been requested on the basis of the actual equipment installed and utilized.

(2) Periodic Review

The Company will periodically determine the system wide average costs of construction of mains, services, and metering and regulating equipment, and publish the average costs on April 1st of each year as Appendix A to this tariff and file those updates with the Tennessee Regulatory Authority with a proposed effective date of three months from the date of filing.

(3) Extension for Temporary Service

Extension for temporary service or for operations which in the Company's opinion are of a questionable permanence will not be made under this rule, but will be made in accordance with the rule pertaining to temporary service.

(4) Service From High Pressure Mains

Service shall be provided from a normal distribution facility of the Company. Company reserves the right, at its sole option, to refuse to extend facilities from any of its lines operating at pressures in excess of 125 pounds.

(5) Title to Facilities

Legal and equitable title to all mains installed by the Company upon which an advance, contribution, or other payment has been made, shall be and remain in the Company, and the Company shall have the right without the consent of, or any refund to, any party who made such advance, contribution, or other payment.

NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

- a To extend the gas main or connect additional gas mains to any part of it
 - b To serve new additional Customers at any time through service connections attached to such main or to extended or connected gas mains
- (6) Exceptional Cases

In unusual circumstances when the application of this rule appears impractical or unjust to either party as a result of circumstances that result in the actual cost of constructing the facilities being materially different than the average costs specified in (B) above, actual costs may be used to determine the required Customer contribution. If application of this rule appears impractical or unjust to either party for other reasons, the Company or the Applicant may refer the matter to the Tennessee Regulatory Authority for special ruling thereon prior to commencing construction.

D Filings with the Authority

Any filings required to be made with the Authority as a result of this rule shall be filed with the Authority on April 1 of each year. In the event the accounting records necessary to make the required filings are not available to the Company prior to the April 1 filing deadline, the Company shall receive an additional 15 days to file upon filing a written extension request with the Authority prior to April 1.

SERVICE LINE

Service lines from the main to the meter will be laid by the Company, and will at all times remain subject to the control of the Company. It is not contemplated that in running service lines the Company will put risers in buildings when meters are set above the first floor; in cases of this kind the Company will run the service line to the ground floor or to the basement, but all expenses through and beyond the first floor foundation wall shall be borne by the Customer. Service lines will be kept in repair by the Company at its own expense, but any alterations made necessary, such as changing of location, may be done at the Customer's expense. The Company does not in any case hold itself responsible for a stoppage, from frost or other cause, of the service lines or house lines. The Company will employ all reasonable means of clearing the lines to the meter, when stopped from any cause. All lines beyond or leading from the meter must be cleared at the Customer's expense.

APPARATUS-EASEMENTS

Customer's Lines: All house lines and equipment except the Company's meters and accessories on the Customer's side of the point of delivery, necessary to utilize service furnished by the Company, must be installed and maintained by and at the expense of the Customer. The Customer's lines shall terminate at the point of delivery, in a manner satisfactory to the Company, for connection with the Company's lines or apparatus.

Company Property. All service lines, apparatus, instruments, meters and materials supplied at the expense of the Company shall remain its property, and any other property installed at the expense of the Company, shall belong to the Company.

Inspection by Company The Company is willing to assist the Customer by advice as to the installation of the Customer's apparatus and to examine the Customer's installation, and may refuse to make connection or to commence or continue service whenever such installation is not in proper condition, but no inspection by the Company, nor any failure by it to object to the Customer's installation, shall render the Company in any way liable for any damage or injury resulting from any defective installation made by the Customer.

Right of Way: The Customer shall make or procure satisfactory conveyance to the Company of right of way for the Company's lines and apparatus across and upon the property owned and controlled by the Customer, necessary or incidental to the furnishing of service.

Installation: For the purpose of determining the amount of gas used, a meter or meters shall be installed and maintained by the Company upon the Customer's premises, and, except as to outside locations heretofore or hereafter approved by the Company, the Customer shall provide free of expense to the Company, near the service entrance, a clean, dry, safe place for the meter and any necessary appurtenant device, which may be furnished by the Company. Where several buildings are supplied on one property, a centralized meter location may be required.

Notice to Discontinue Notice by Customer to discontinue the supply of gas must be given the Company at least 24 hours in advance. The Customer will be held responsible for all gas consumed until such notice is given, including a reasonable time for securing the final reading of the meter.

TESTS AND ADJUSTMENTS

The Company, at any time upon the request of the Customers, will test the meter of such Customer within five days after receipt of such request, provided the Customer will accept the result of such test as a basis for the settlement of the Customer's account. If any such test shall show the average error of the meter to be less than 2%, the Customer shall pay the expense of the test, except that where the meter has not been tested at the request of the Customer within five (5) year period immediately preceding such request, the test will be made without charge to the Customer. The Company may at any time at its own expense test any of its meters. If on test of a Customer's meter, either by the Company or

TESTS AND ADJUSTMENTS (Continued)

by the Authority, such meter shall be found to have a percentage of error greater than 2%, the following provisions for the adjustment of bill shall be observed

Fast Meters When a meter is found to be fast in excess of 2%, the Company shall refund to the Customer an amount equal to the excess charged for the gas incorrectly metered. The period over which the correction is to be made shall be the time elapsed since the last previous test, provided, however, the period shall not exceed six (6) months. No part of the minimum service charge shall be refunded.

Slow Meters When a meter is found to be slow in excess of 2%, the Company may make a charge to the Customer for the gas incorrectly metered. The period over which the correction is to be computed shall be the time elapsed since the last previous test, provided, however, the period shall not exceed six (6) months.

Failure to Register If a meter is found not to register for any period, the Company will estimate and charge for the gas used by averaging the amounts registered over similar periods and under similar conditions preceding or subsequent thereto, or over corresponding periods in previous years.

Company's Rights The properly authorized employees of the Company shall at all times have the right of access to the premises into which gas has been introduced, for the purpose of examining the general service or to read, inspect, test, repair, replace or remove its meter or other equipment, or for such other purposes as may be necessary for the protection of the Company. In case of any willful, intentional, or unnecessary injury to or interference with the meter or any connection made to the house lines or services, the meter at the option of the Company may be removed, the service line cut off, and service discontinued.

CUSTOMER SECURITY DEPOSITS

Prior to rendering service, deposits will be required from those residential Customers whose credit history dictates that a deposit is needed. All other residential Customers will not be required to provide a deposit.

Prior to rendering service, payment security will be required of all commercial and industrial Customers. Commercial and industrial Customers shall be given the option of either providing an adequate Cash Deposit, Letter of Credit, Indemnity Bond or a Letter of Guarantee from a financially acceptable parent company.

Any deposit which is required to be provided by a Customer shall only be refunded upon the Customer's discontinuation of his service.

The Company may require a deposit not more in amount than the maximum charge for two (2) consecutive billing periods.

CUSTOMER SECURITY DEPOSITS (Continued)

Interest shall accrue at the rate of 6% Per Annum. No interest shall accrue on deposits after service has been discontinued

BILLS, PAYMENTS, NON-PAYMENTS

Payment of bills for service rendered must be received by the due date as stated on the Customer's bill which shall be approximately twenty-one (21) days from the date billed for cycle billed Customers and sixteen (16) days from the date billed for end-of-month Multi-Family Housing Service and Large Volume Commercial and Industrial Customers. The current month's bill for gas service shall be subject to a 5% late payment charge if payment is not received timely.

If the Customer shall fail to pay bill after it has become delinquent, the Company may, seven (7) days after notice to the Customer, discontinue service and apply any deposit made by the Customer in liquidation of such bill. Whenever the Company has issued a service suspension notice to a Customer for non-payment of a gas bill, the Company may make a charge of \$50.00 for the re-connection of service, and will require a deposit.

Gas Service may be terminated.

(1) By the Customer

Unless otherwise provided, gas service may be terminated at any time by giving notice to Company, provided, however, anything contained in the provisions of the Company's TPSC Gas Tariff No. 1, and/or any Agreement for Sale of Gas or Special Contract to the contrary notwithstanding, a non-residential Customer shall have the right and privilege which he may exercise any time by giving written notice to Company to terminate gas service if such Customer shall have discontinued his operations and dismantled his plant, and such cancellation shall relieve Customer from the obligation to pay such minimum charge, if any, which might have become payable had such gas service not been terminated.

(2) By the Company

Service may be refused or discontinued for any of the reasons listed below. Unless otherwise stated, the Company shall comply with the notice requirements before service is discontinued. However, no service shall be discontinued on the day or a date preceding a day or days on which the services of the Company are not available to the general public for the purpose of reconnecting the discontinued service, except as provided in (a), (b), (c) and (d) below.

- a. Without notice in the event of a condition determined by the Company to be hazardous
- b. Without notice in the event of Customer use of equipment in such a manner as to adversely affect the Company's equipment or the Company's service to others.

BILLS, PAYMENTS, NON-PAYMENTS (Continued)

- c. Without notice if there is evidence of tampering with the equipment furnished and owned by the Company
- d. Without notice if there is evidence of unauthorized use
- e. For violation of and/or non-compliance with the Company's rules on file with and approved by the Authority
- f. (For failure of the Customer to fulfill his contractual obligations for service and/or facilities subject to regulations by the Authority
- g. For failure of the Customer to permit the Company reasonable access to its equipment
- h. For non-payment of delinquent account
- 1. For failure of the Customer to provide the Company with deposit as authorized by Rule 1200-4-5 14

Gas service to any gas Customer may not be terminated by the Company without reasonable prior notice where required and the Customer being given reasonable opportunity to dispute the reasons for such termination

- (3) It shall be unlawful for any person to obtain or attempt to obtain by use of any fraudulent scheme, device, means or method gas service, with intent to avoid payment of the lawful price, charge or toll therefor, or for any person to cause another to avoid such payment for such service, or for any person to assist another in avoiding payment for gas service, either through the making of multiple applications for service at one address, or otherwise.
- (4) Termination of gas service by either Customer or Company shall not relieve Customer from the obligation to pay Company for services rendered prior to the effective date of such termination

MISCELLANEOUS REGULATIONS

The Customer Agrees:

- (1) To be responsible for all damages to, or loss of, the Company's property located upon his premises, unless occasioned by fire or by the Company's negligence
- (2) To use gas supplied through Company's meter only, and if such meter is found defective by the Company, the Company may repair or replace same
- (3) It is understood that the Company shall be under no duty to inspect, repair or maintain the service of other lines, connections, equipment or appliances located on the premises of the Customer
- (4) Company shall have the right to terminate gas service after reasonable notice has been given for any Customer who may be in arrears for a period of seventeen (17) days or longer in paying for gas furnished and/or used by Customer at Customer's present or subsequent address, it being understood hereby that said seventeen (17) day period commences on date the bill as above defined was rendered
- (5) There is a charge for seasonal turn-ons and heating light-up service of \$50 00.
- (6) Customers may elect seasonal suspension of service instead of seasonal disconnection. If a Customer elects seasonal suspension, the account will remain active and the meter will continue to be read. No bill will be issued until the monthly consumption exceeds 3 Therms per month. The first month that the consumption exceeds 3 Therms the seasonal suspension will be terminated and the Customer will be billed the Monthly Customer Charge for that month, the gas consumed during that month, and the gas consumed during for each month during the seasonal suspension period. The Customer will not be billed the seasonal turn-on and heating light-up service charge
- (7) There is a \$50 00 charge for reconnection of service where service has been suspended for non-payment of a gas bill
- (8) Service Establishment Charges
 - A For establishing an account for gas service to a Customer at a particular premises:
 - (i) where there is an existing meter set at such premises installed to serve an occupant of the premises.... \$15 00
 - (ii) when there is no existing meter set at such premises, or where an existing meter set at such premises has been used only for temporary service to a builder, contractor or developer prior to occupancy of the premises . . . \$25.00

MISCELLANEOUS REGULATIONS (Continued)

- B The above charges do not apply to restorations of service subject to paragraph (5) or (7) above, nor to temporary service to a builder, contractor or developer prior to occupancy of the premises, nor to a rental unit subject to a contract with the landlord providing that gas service shall continue during periods when the unit is not occupied by a tenant and that the landlord shall be responsible for the payment of bills for gas service until an account is established in the name of a new tenant.
- (9) As a convenience to the Customer, the Company may at the Customer's option, receive payment through a third party service provider that processes payment by telephone. The third party service provider may collect directly from the Customer a separate charge for processing the payment.
- (10) If the Customer requests service as stated in (5), (7), and (8) above at times other than the regular office hours of the Company the above stated service charges shall be at one and one-half (1 1/2) times the above stated regular rate.
- (11) There is a \$20.00 service charge for Customer checks returned to the Company by the banks because of "Insufficient Funds".
- (12) Notwithstanding any other provisions of these rules, the Company shall postpone the physical termination of gas service to a residential Customer for a period of thirty (30) days in the event a physician, public health officer, or social service official certifies in writing that discontinuation of the service will aggravate an existing medical emergency of the Customer or other permanent resident of the premises where service is rendered. During the thirty (30) day extension the Customer or other permanent resident of the premises where service is rendered shall be referred to social service agencies for investigation, confirmation of need and guarantee of payment. The Company shall supply Customers with names of agencies providing assistance.
- (13) All Customers shall be provided with the option of a Third Party Notification Service and shall be notified annually by the Company of its availability. The Third Party Notification Service will provide any Customer with the opportunity to designate a Third Party who will receive a duplicate of any termination notice.
- (14) Company shall increase the present level of Contributions-In-Aid-of-Construction and Customer Advances-for-Construction by 33% to implement the effect of the Tax Reform Act of 1986.
- (15) Company shall have the right to make other or additional rules and regulations at any time, and the furnishing of gas hereunder shall not constitute a waiver of any prior or present claim or right held by Company against Customer.

POLICY ON SERVICE CHARGES

The general types of service which the Company shall provide on a charge or no-charge basis are listed below but are not necessarily limited to the following.

I. CHARGE SERVICE

- 1 Cleaning of gas lights and gas grills
- 2 Replacement of air filters furnished by Customer
- 3 Disconnecting and reconnecting ranges
- 4 Pumping and pressurizing air conditioners
- 5 Cleaning pilots and/or burners
- 6 Seasonal turn-ons and heating light-up service
- 7 All service orders where parts are installed
- 8 Replacement of mantles and glass for gas lights
- 9 Sending collector to Customer's premises to collect past due gas bill to avoid turn-off of service for non-payment
- 10 Reconnection of service where service has been suspended for non-payment of a gas bill
- 11 Service Establishment Charges

II. NO CHARGE SERVICE

- 1 Meter Orders
 - a Remove
 - b Change (does not include relocation of meters at Customer's request)
 - c Turn-off
- 2 Safety Inspections (new Customer and/or new equipment)
- 3 Leak Investigation
- 4 High-bill Investigations
- 5 Confirmation of meter reads
- 6 Gas-air adjustments (where no cleaning is required)
- 7 Any trouble call resulting from low pressure caused by Company's distribution system
- 8 Relighting appliances after interruption of gas due to Company convenience (construction, etc)

CHATTANOOGA GAS COMPANY

2207 OLAN MILLS DRIVE

CHATTANOOGA, TENNESSEE 37421

TRA NO. 1

GAS TARIFF



Chattanooga Gas

**CHATTANOOGA GAS COMPANY
GAS TARIFF
TRA NO. 1
TENNESSEE REGULATORY AUTHORITY
TABLE OF CONTENTS**

Rate Schedules	Sheet No.
<u>Residential</u>	
R-1 General Service Original Sheets Nos. 2 through 4 are reserved for future use	1
R-4 Multi-Family Housing Service Original Sheets Nos. 6 through 9 are reserved for future use	5
<u>Commercial and Industrial</u>	
C-1 General Service Original Sheets Nos 11 through 19 are reserved for future use	10
I-1 Large Volume Firm Service Original Sheets Nos 21 through 24 are reserved for future use	20
L-1 Interruptible Service Original Sheets Nos 26 through 29 are reserved for future use.	25
T-1 Interruptible Transportation Service	30
T-2 Interruptible Transportation Service with Firm Gas Supply Backup Original Sheets Nos 32 through 33 are reserved for future use	31
<u>SF-1 Semi-Firm Sales Service (SFSS)</u>	<u>32</u>
<u>T-3 Low Volume Transport</u>	<u>33</u>
V-1 Natural Gas Vehicle Service Original Sheets Nos 35 through 36 are reserved for future use	34
SS-1 Special Service Rate Schedule Original Sheets Nos. 38 through 44 are reserved for future use	37
<u>Residential and Commercial</u>	
BBS-1 Budget Billing Service Original Sheets Nos 46 through 47 are reserved for future use-	45
<u>General</u>	
Interruptible Margin Credit Rider	48
Weather Normalization Adjustment (WNA) Rider	49

TABLE OF CONTENTS (Continued)

Purchased Gas Adjustment (PGA) Provision	50
Current Level of Applicable Taxes	51
Schedule For Limiting and Curtailing Gas Service	52
Current Level of Purchased Gas Adjustment	53
Current Level of Purchased Gas Refund Credit	54
Combined Current Level of Current Adjustments	55
Original Sheets Nos. 56 through 59 are reserved for future use	
<u>Original Sheets No. 54 reserved for future use</u>	
<u>Current Level of Surcharges and Refund Credits</u>	<u>55</u>
<u>Performance-Based Ratemaking</u>	<u>56</u>
<u>Original Sheets Nos. 57 through 59 are reserved for future use</u>	

RATE SCHEDULE R-1
Residential General Service

AVAILABILITY

Available for all gas service furnished to single private residences, including the separate private units of apartment houses and other multiple dwellings, actually used for residential purposes, which are separately metered or measured, irrespective of the fact that a person other than the resident (1) is contractually bound to the ~~supplier~~ Chattanooga Gas Company (Company) for the charges, or (2) actually pays the charges, or (3) is billed for the charges. Use of gas service in hotel or motel units by transient occupants shall not constitute residential use. Gas service under this schedule shall be through a single point of delivery and such gas shall not be resold, directly or indirectly.

MONTHLY BASE RATE
Hundreds of Cubic Feet (CCF)

Winter
Net Rate
November-April

Summer
Net Rate
May-October

Customer Base Use Charge

\$7 50

\$7 50

Commodity Charge

First 25 CCFTherms Per Month

29 00385¢ Per CCFTherm

21 00279¢ Per CCFTherm

Next 25 CCFTherms Per Month

20 00265¢ Per CCFTherm

15 00199¢ Per CCFTherm

Over 50 CCFTherms Per Month

17 50732¢ Per CCFTherm

4 50560¢ Per CCFTherm

Summer Air -Conditioning Charge

Over 50 CCFTherms Per Month

4 50560¢ Per CCFTherm

Standby Service Demand Charge

Rate Per CCF of Therm Of Input Per Month

~~30 00¢ Per CCF Demand Charge~~
Applicable To I-1 Customers

~~30 00¢ Per CCF Demand~~
Charge Applicable To I-1
Customers

Standby Input shall be based upon individual ~~customer's~~ Customer's applicable gas equipment rating in
BTU/Hour x 10 hours = CCF Therms

100,000 BTU

$$\frac{(BTU / Hour) \times 10 Hours}{100,000 BTU} = \text{Number of Therms}$$

Monthly billing in units of CCF, ~~MCFDth~~ or Therms may be based upon monthly or bi-monthly meter reading.

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates

SUMMER AIR-CONDITIONING RATE

Available to any residential ~~customer~~ Customer who has installed and regularly operates a gas-fired central air-conditioning system which meets Company's specifications. All provisions of the above rate schedule will apply except as specifically modified herein.

~~All gas used in excess of 50 CCF per month during the Summer (billing months of May through October) shall be deemed to be air-conditioning use for purposes hereof.~~

MINIMUM BILL

The minimum monthly bill shall be the Customer Base Use Charge plus the Standby Service Demand Charge, when applicable, as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

CHATTANOOGA GAS COMPANY

GAS TARIFF

TRA NO. 1

~~SEVENTH~~EIGHTH REVISED SHEET NO 1

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

ISSUED: OCTOBER ~~12, 1998~~11, 2004
ISSUED BY: STEVE LINDSEY, VP

EFFECTIVE ~~NOVEMBER~~OCTOBER 1, 19982004

RATE SCHEDULE R-1 (Continued)

STANDBY SERVICE

When gas service is being supplied for use as a Standby Service for the dual-fuel heat pump or for similar use where the ~~customer's~~ Customer's equipment is specifically designed by the manufacturer or is modified by the ~~customer~~ Customer or others for the purpose of using natural gas as the equipment's standby energy source, there shall be payable monthly in addition to all and other charges under this Rate Schedule a Standby Service Demand Charge individually determined for each ~~customer~~ Customer based upon the ~~customer's~~ Customer's applicable gas equipment input rating.

The revenues realized from the Standby Service Demand Charge shall be credited to the demand component of the "Deferred Gas Cost" account in accordance with the Purchased Gas Adjustment Provision

GAS LIGHT SERVICE

Where ~~consumer~~ Customer has no other use of gas, a gas light may be installed solely at the option of the Company with such service to be provided on a non-metered basis. The monthly billing for such use shall be at the rate of 18 ~~Cents~~ Therms for each light.

MULTIPLE BILLING

Where the Company serves a number of separate dwelling units under common ownership on the same premises with service through a single meter, the minimum charge and the quantity of gas within each block of the above rates shall be multiplied by the number of individual units in which gas is consumed.

BILLING ADJUSTMENTS

Bills for gas service hereunder shall be subject to adjustment for changes in the cost of purchased gas in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Weather Normalization Adjustment (WNA) Rider (Docket No. 91-0712) as approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Interruptible Margin Credit Rider as approved by the Tennessee Regulatory Authority.

LIMITING AND CURTAILING GAS SERVICE

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

GENERAL TERMS AND CONDITIONS

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

RATE SCHEDULE R-4
Multi-Family Housing Service

AVAILABILITY

Available to any public housing authority, or to any private company which operates a housing project containing not less than 50 dwelling units, which uses gas in each dwelling unit for two or more of the following purposes: Cooking, water heating, refrigeration, air conditioning and space heating, and which contracts for gas service for a period of not less than one year, and is subject to the ~~Company~~ Chattanooga Gas Company (Company)'s determination of available gas supply. Gas service under this schedule shall be through a single point of delivery and such gas shall not be resold, directly or indirectly without the approval of the Company.

MONTHLY BASE RATE (Per Dwelling Unit Connected)

Winter

Summer

Hundreds of Cubic Feet (CCF)

Net Rate

Net Rate

November- April

May-October

Customer Base Use Charge

\$6 00/Unit

\$6 00/Unit

Commodity Charge

Flat Rate Per Month

18 00 311¢ Per CCF Therm

16 00 277¢ Per CCF Therm

Air -Conditioning Commodity Charge

Flat Rate Per Month

4 50 560¢ Per CCF Therm

Standby Service Demand Charge

Rate Per Therm Of Input Per Month

Demand Charge Applicable
To I-1 Customers

Demand Charge Applicable
To I-1 Customers

Standby Input shall be based upon individual Customer's applicable gas equipment rating in Therms

$$\frac{(BTU / Hour) \times 10 Hours}{100,000 BTU} = \text{Number of Therms}$$

Monthly billing in units of CCF, ~~MCF~~ Dth or Therms may be based upon monthly or bi-monthly meter readings.

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates

SUMMER AIR-CONDITIONING RATE

Available to any multi-family housing ~~customer~~ Customer who has installed and regularly operates a separately metered gas-fired central air-conditioning system which meets Company's specifications. All provisions of the above rate schedule will apply except as specifically modified herein. The volume of gas used for air-conditioning purposes will be determined by metering equipment installed by the Company. In the event a single unit provides both heating and cooling, usage during Summer (billing months of May through October) shall be deemed to be air-conditioning use for purposes hereof.

MINIMUM BILL

The minimum monthly bill shall be the Customer Base Use Charge per dwelling unit as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

ISSUED: OCTOBER 11, 2004

EFFECTIVE: OCTOBER 1, 2004

ISSUED BY STEVE LINDSEY, VP

CHATTANOOGA GAS COMPANY
GAS TARIFF
TRA NO 1

ORIGINAL SHEET NO 5A

ISSUED. OCTOBER 11, 2004
ISSUED BY STEVE LINDSEY, VP

EFFECTIVE OCTOBER 1, 2004

Rate Schedule R-4 Multi-Family Housing Service (Continued)

BILLING ADJUSTMENTS

Bills for gas service hereunder shall be subject to adjustment for changes in the cost of purchased gas in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Weather Normalization Adjustment (WNA) Rider (Docket No. 91-01712) as approved by the Tennessee Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Interruptible Margin Credit Rider as approved by the Tennessee Regulatory Authority.

LIMITING AND CURTAILING GAS SERVICE

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

GENERAL TERMS AND CONDITIONS

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

Commercial and Industrial General Service

AVAILABILITY

Available to any commercial or industrial ~~consumer~~ Customer for all purposes. Gas service under this rate schedule in excess of 1,000 CCF/THERM per day shall be, at the option of the ~~Chattanooga Gas Company~~ Company, by written contract for a term of one year or less providing for monthly payment of gas Service, and is subject to the Company's determination of available gas supply Gas service under this schedule shall be through a single point of delivery and such gas shall not be resold, directly or indirectly

MONTHLY BASE RATE

Hundreds of Cubic Feet (CCF)

Winter

Net Rate

November-April

Summer

Net Rate

May-October

Customer Base Use Charge

\$20 00

\$15 00

Commodity Charge

First 3,000 CCFTherms Per Month

27-5927 667¢ Per CCFTherm

21-5921 722¢ Per CCFTherm

Next 2,000 CCFTherms Per Month

25-1025 253¢ Per CCFTherm

17-1417 244¢ Per CCFTherm

Next 10,000 CCFTherms Per Month

24-4524 599¢ Per CCFTherm

15-9816 077¢ Per CCFTherm

Over 15,000 CCFTherms Per Month

12-6512 727¢ Per CCFTherm

12-6512 727¢ Per CCFTherm

Air -Conditioning Charge

Flat Rate Per Month

4 50560¢ Per CCFTherm

Standby Service Demand Charge

Rate Per CCFTherm of Input Per Month

30-00¢ Per CCFDemand
Charge Applicable to I-1
Customers

30-00¢ Per CCFDemand
Charge Applicable to I-1
Customers

Standby Input shall be based upon individual ~~customer's~~ Customer's applicable gas equipment rating in BTU/Hour
x10 hours = CCFTherms
_____ 100,000 BTU

$$\frac{(\text{BTU} / \text{Hour}) \times 10 \text{ Hours}}{100,000 \text{ BTU}} = \text{Number of Therms}$$

Monthly billing in units of CCF, ~~MCFDth~~ or Therms may be based upon monthly or bi-monthly meter readings.

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

SUMMER AIR-CONDITIONING RATE

Available to any commercial or industrial ~~customer~~ Customer who has installed and regularly operates a separately metered gas-fired central air-conditioning system which meets Company's specifications All provisions of the above rate schedule will apply except as specifically modified herein The volume of gas used for summer air-conditioning purposes will be determined by metering equipment installed by the Company. In the event a single unit provides both heating and cooling, usage during the Summer (billing months of May through October) shall be deemed to be air-conditioning use for purposes hereof.

MINIMUM BILL

The minimum monthly bill shall be the Customer Base Use Charge plus the Standby Service Demand Charge, when applicable, as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule

ISSUED OCTOBER 11, 2004

EFFECTIVE: OCTOBER 1, 2004

ISSUED BY: STEVE LINDSEY, VP

CHATTANOOGA GAS COMPANY
GAS TARIFF
TRA NO. 1

~~SEVENTH~~ EIGHTH REVISED SHEET NO.10

ISSUED OCTOBER 11, 2004
ISSUED BY STEVE LINDSEY, VP

EFFECTIVE: OCTOBER 1, 2004

RATE SCHEDULE C-1(Continued)

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

RATE SCHEDULE C-1(Continued)

STANDBY SERVICE

When gas service is being supplied for use as a Standby Service for the dual-fuel heat pump or for similar use where the ~~customer's~~Customer's equipment is specifically designed by the manufacturer or is modified by the ~~customer~~Customer or others for the purpose of using natural gas as the equipment's standby energy source, there shall be payable monthly in addition to all and other charges under this Rate Schedule a Standby Service Demand Charge individually determined for each ~~customer~~Customer based upon the ~~customer's~~Customer's applicable gas equipment input rating.

The revenue realized from the Standby Service Demand Charge shall be credited to the demand component of the "Deferred Gas Cost" account in accordance with the Purchased Gas Adjustment Provision.

GAS LIGHT SERVICE

Where ~~consumer~~Customer has no other use of gas, a gas light may be installed solely at the option of the Company with such service to be provided on a non-metered basis. The monthly billing for such use shall be at the rate of 18 CentsTherms for each light.

SPECIAL TERMS & CONDITIONS

In the event ~~consumer~~Customer takes daily gas deliveries in excess of ~~consumer's~~Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event ~~consumer~~Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of ~~consumer's~~Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the ~~consumer~~Customer at the greater of ~~the rate of (1.) \$15.00 per MCF Dth or \$1.50 (2.) the average index price on curtailment days plus \$5.00 per Therm or an amount equal to the actual cost incurred by the Company to include Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the~~ ~~consumer's~~Customer's failure to comply with a curtailment order as directed by the Company.

These additional charges shall be in addition to all other charges payable under this Rate Schedule. ~~The Company may waive any such additional charges for such excess or unauthorized use of gas if its costs of gas purchased or produced or gas service to any other of the Company's customers was not affected by such unauthorized use by the consumer.~~

The payment of a charge for unauthorized or excess use shall not under any circumstances be considered as giving any such ~~consumer~~Customer the right to take unauthorized or excess volumes, or to purchase such unauthorized or excess volumes of gas on any of the Company's other rate schedules, nor shall such payment be considered as a substitute for any other remedies available to Company against ~~consumer~~Customer for failure to respect ~~consumer's~~Customer's obligations to adhere to the provisions of ~~consumer's~~Customer's contract with the Company.

Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7.

RATE SCHEDULE C-1(Continued)

BILLING ADJUSTMENTS

Bills for gas service hereunder shall be subject to adjustment for changes in the cost of purchased gas in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority

Bills for gas service hereunder shall be subject to the provisions of the Weather Normalization Adjustment (WNA) Rider (Docket No. 91-01712) as approved by the Tennessee Regulatory Authority

Bills for gas service hereunder shall be subject to the provisions of the Interruptible Margin Credit Rider as approved by the Tennessee Regulatory Authority-

LIMITING AND CURTAILING GAS SERVICE

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Public Service Authority

GENERAL TERMS AND CONDITIONS

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority

RATE SCHEDULE I-1

Commercial and Industrial Large Volume Firm Sales Service

RESTRICTED AVAILABILITY

This rate is available to those ~~consumers~~Customers actually taking service under Rate Schedule I-1 as of February 1, 1994. This rate will be available to additional ~~consumers~~Customers subsequent to February 1, 1994 only upon the ~~Company~~Chattanooga Gas Company (Company)'s ability to provide adequate gas supply to support the sale on terms and conditions which are satisfactory in the sole judgment of the Company subject to review by the Tennessee Regulatory Authority when such review is requested by a ~~consumer~~Customer. Once a qualified Customer elects service under this Rate Schedule, service will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. A new Customer beginning service after May 31 shall contract for a term extending through the following May 31. A Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule T-2 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice. A Customer receiving service under the I-1/T-2 Rates Schedules as of March 1, 2005 that fails to submit an executed contract will receive service under Rate Schedule I-1 through May 31, 2006

AVAILABILITY

Available to any commercial or industrial ~~consumer~~Customer for all purposes under the following conditions:

- 1 Service shall be limited to ~~consumers~~Customers consistently using a minimum of 36,500 MCFDths annually at a daily rate of 100,000 cubic feet or 1,000 Therms or more
- 2 The Company must have available to it a supply of natural gas adequate in the opinion of the Company to meet the ~~consumer's~~Customer's requirements
- 3 ~~Consumer~~Customer must be on or adjacent to the Company's existing mains and the mains shall, in the Company's judgment, be adequate to serve the ~~consumer's~~Customer's requirements without impairing service to other ~~consumers~~Customers
- 4 The gas shall be sold through a single point of delivery and shall not be resold directly or indirectly, without the approval of the Company. The Company is not authorized to give its approval if the purpose is to have two plants under common ownership, or separate ownership purchase gas through one meter
- 5 Service taken under this rate shall be by contract for a term of not less than 12 months

MONTHLY BASE RATE

Net Rate

Thousands of Cubic Feet (MCF)

Customer Base Use Charge

\$300 00

Demand Charge

Per Unit of Billing Demand

\$3.00 Per MCFDth

Commodity Charge

First 1,500 MCFDths Per Month

\$0.8888 Per MCF \$0.8945 Per Dth

Next 2,500 MCFDths Per Month

\$0.7598 7644 Per MCFDth

Next 11,000 MCFDths Per Month

\$0.4312 4335 Per MCFDth

Over 15,000 MCFDths Per Month

\$0.2650 2664 Per MCFDth

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates

CHATTANOOGA GAS COMPANY
GAS TARIFF
TRA NO. 1

~~FOURTH~~ FIFTH REVISED SHEET NO 20

ISSUED OCTOBER 11, 2004
ISSUED BY STEVE LINDSEY, VP

EFFECTIVE: OCTOBER 1, 2004

RATE SCHEDULE I-1 (Continued)

MINIMUM BILL

The minimum monthly bill shall be the Customer's Base Use Charge as shown in the Monthly Base Rate stated above plus the amount of the individual ~~customer's~~ Customer's Monthly Demand Charge and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule

RATE SCHEDULE I-1 (Continued)

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

BILLING DEMAND

The billing demand shall be the greater of (a) or (b) below.

- (a) The demand for the current month is always the highest demand day in any of the previous 11 billing months plus the current billing month - - bearing in mind that demand days are established only during the billing months of November, December, January, February and March
- (b) The demand will be 65% of the average daily consumption for the preceding months of April through October.

Whenever a ~~consumer~~ Customer commences taking service under this rate between April 1, and October 31 of any year, the billing demand for each billing month prior to the November billing shall be 6% of the monthly consumption in each such month. Commencing with the billing month of November, the billing demand shall be determined either under (a) or (b) above.

DETERMINATION OF DEMAND DAY

The demand day shall be determined at the option of the Company by one of the following methods:

1. By measuring the maximum volume of gas taken by the ~~consumer~~ Customer in any one day through the use of volume and pressure recording and measuring equipment installed by the Company.
2. When gas is delivered to a ~~consumer~~ Customer through a positive displacement meter without the use of daily recording and measuring equipment, the maximum volume of gas taken in any one day during the billing month shall be 6% of the total volume of gas used by the ~~consumer~~ Customer during such billing month.

The Company retains the option of installing recording and measuring equipment to determine the maximum volume of gas taken in any one day on the meter of any ~~consumer~~ Customer purchasing gas service under this Rate Schedule.

METRETEK DATA COLLECTION EQUIPMENT

~~New Customers added to provided service under this Rate Schedule after November 1, 1991 shall be required to pay \$2,500 (includes applicable income taxes) for the cost and installation of the Metrotek Data Collection equipment. All Customers shall also be required to pay the cost of any power or telephone lines necessary for the operation of such Metrotek (includes applicable income taxes). The Customer may elect to have the Data Collection equipment, other than the meter, installed by a qualified third party in accordance with the Company's specification. The meter installation and the connection of the data collections equipment to the meter shall be performed by the Company. All Customers shall also be required to pay the cost of any power, telephone lines, or wireless facilities necessary for the operation of such equipment.~~

CHATTANOOGA GAS COMPANY
GAS TARIFF
TRA NO. 1

~~FOURTH~~ FIFTH REVISED SHEET NO 20B

ISSUED OCTOBER 11, 2004
ISSUED BY: STEVE LINDSEY, VP
~~ISSUED: OCTOBER 12, 1998~~

EFFECTIVE: OCTOBER 1, 2004
~~EFFECTIVE: NOVEMBER 1, 1998~~

RATE SCHEDULE I-1 (Continued)

SPECIAL TERMS AND CONDITIONS

In the event ~~consumer~~Customer takes daily gas deliveries in excess of ~~consumer's~~Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event ~~consumer~~Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of ~~consumer's~~Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the ~~consumer~~Customer at the greater of the rate of (1) \$15.00 per MCF Dth or \$1.50 per Therm or an amount equal to (2.) the actual cost incurred by the Company to include average daily index on curtailment days plus \$5.00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the ~~consumer's~~Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule. The Company may waive any such additional charges for such excess or unauthorized use of gas if its costs of gas purchased or produced or gas service to any other of the Company's customers was not affected by such unauthorized use by the consumer.

RATE SCHEDULE I-1 (Continued)

SPECIAL TERMS AND CONDITIONS (continued)

The payment of a charge for unauthorized or excess use shall not under any circumstances be considered as giving any such ~~consumer~~Customer the right to take unauthorized or excess volumes, or to purchase such unauthorized or excess volumes of gas on any of the Company's other rate schedules, nor shall such payment be considered as a substitute for any other remedies available to Company against ~~consumer~~Customer for failure to respect ~~consumer's~~Customer's obligations to adhere to the provisions of ~~consumer's~~Customer's contract with the Company. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7.

BILLING ADJUSTMENTS

Bills for gas service hereunder shall be subject to adjustment for changes in the cost of purchased gas in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee—Regulatory Authority.

Bills for gas service hereunder shall be subject to the provisions of the Interruptible Margin Credit Rider as approved by the Tennessee Regulatory Authority.

LIMITING AND CURTAILING GAS SERVICE

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

GENERAL TERMS AND CONDITIONS

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

RATE SCHEDULE L-1

Commercial and Industrial Interruptible Sales Service

AVAILABILITY

~~Available Gas sales service~~ available on an interruptible basis to large volume ~~consumers~~Customers provided the Chattanooga Gas Company (Company) has interruptible gas delivery capacity in excess of the then existing requirements of other ~~consumers~~Customers, and further subject to the following conditions.

1. Service shall be limited to ~~consumers~~Customers consistently using on an annual basis, an interruptible minimum daily volume of 100 MCF ~~Dths~~. A ~~customer~~Customer may also qualify for this rate schedule on a summer seasonal basis (May-October) provided the daily usage during this period consistently meets or exceeds 100 MCF ~~Dths~~.
2. The Company must have available to it a supply of natural gas adequate in the opinion of the Company to meet the ~~consumer's~~Customer's requirements, and further provided the ~~consumer's~~Customer's use under this rate shall not work a hardship on any other rate payers of the Company, nor adversely affect any other class of the Company's ~~consumers~~Customers. Further provided the ~~consumer's~~Customer's use under this rate shall not adversely affect the Company's gas purchase plans and/or effective utilization of the daily demands under the Company's gas purchase contracts with its suppliers subject to review by the Tennessee Regulatory Authority when such review is requested by a ~~consumer~~Customer.
- ~~Consumer~~
3. ~~Customer~~ must be on or adjacent to the Company's existing mains and the mains shall, in the Company's judgment, be adequate to serve the ~~consumer's~~Customer's requirements without impairing service to other ~~consumers~~Customers unless the Customer pays all cost (including applicable Income Tax) to provide required facilities.
4. The gas shall be sold through a single point of delivery and shall not be resold directly or indirectly without the approval of the Company. The Company is not authorized to give its approval if the purpose is to have two plants under common ownership, or separate ownership purchase gas through one meter.
5. Service taken under this rate shall be by contract for a term of one year ~~or less~~. Once a qualified Customer elects service under this Rate Schedule, all service will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. A new Customer beginning service after May 31 shall contract for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive service under Rate Schedule SS-1 concurrent with this Rate Schedule. A Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule T-1 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice. A Customer receiving service under the I-1/ T-2 Rates Schedules as of March 1, 2005 that fails to submit an executed contract will receive service under Rate Schedule I-1 through May 31, 2006.

~~Consumer~~

RATE SCHEDULE L-1 (Continued)

6. ~~Customer~~ agrees to install and maintain in usable condition standby fuel burning facilities to enable ~~consumer~~ Customer, in the event of a curtailment of gas, to continue operations on standby fuel, or to give satisfactory evidence of his ability and willingness to have the delivery of gas hereunder interrupted or curtailed by the Company in accordance with the special terms and conditions as hereinafter set forth

MONTHLY BASE RATE

Net Rate

Thousands of Cubic Feet (MCF)

Customer Base Use Charge

\$300.00

Commodity Charge

First 1,500 MCF Dths Per Month

\$0.8888 Per MCF \$.8945 Per Dth

Next 2,500 MCF Dths Per Month

\$0.7598 .7644 Per MCF Dth

Next 11,000 MCF Dths Per Month

\$0.4312 .4335 Per MCF Dth

Over 15,000 MCF Dths Per Month

\$0.2650 .2664 Per MCF Dth

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates **RATE SCHEDULE L-1 (Continued)**

AUTHORIZED INCREMENTAL RATE

When the Company determines that volumes of gas ~~in excess of Firm Transportation (FT) Contract Limits~~ are available to be purchased and transported ~~under the provisions of the Company's pipeline suppliers' Interruptible Transportation (IT) tariffs for resale to consumers~~ Customers under this Rate Schedule, then the Company shall, at its option, be authorized to charge the incremental rate in lieu of the published PGA rate for L-1 Customers for such volumes distributed to those consumers as determined by the Company Customers who have been offered and who have agreed to pay such incremental rate in lieu of having their gas service curtailed ~~The On days when gas is not being withdrawn from the Company's Liquid Natural Gas (LNG) facility for system supply, the incremental rate shall represent the difference between applicable index rate plus the average delivered commodity rate of variable pipeline charges. On those days when gas is being withdrawn from the volumes purchased and LNG facility, the Company's currently effective PGA average commodity rate incremental rate will be increased to reflect the cost of gas used in the liquefaction and vaporization process.~~

MINIMUM BILL

The minimum bill shall be the Customer Base Use Charge as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

BILLING ADJUSTMENTS

Bills for gas service hereunder shall be subject to adjustment for changes in the cost of purchased gas in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.

ISSUED: OCTOBER 11, 2004
ISSUED BY: STEVE LINDSEY, VP
ISSUED: OCTOBER 12, 1998

EFFECTIVE OCTOBER 1, 2004

~~EFFECTIVE NOVEMBER 1, 1998~~

CHATTANOOGA GAS COMPANY
GAS TARIFF
TRA NO 1

~~FIFTH~~ SIXTH REVISED SHEET NO 25A

ISSUED. OCTOBER 11, 2004
ISSUED BY STEVE LINDSEY, VP
~~ISSUED: OCTOBER 12, 1998~~

EFFECTIVE OCTOBER 1, 2004

~~EFFECTIVE: NOVEMBER 1, 1998~~

CHATTANOOGA GAS COMPANY
GAS TARIFF
TRA NO 1

SIXTH REVISED SHEET NO 25B

ISSUED: OCTOBER 11, 2004
ISSUED BY: STEVE LINDSEY, VP

EFFECTIVE OCTOBER 1, 2004

RATE SCHEDULE L-1 (Continued)

INTERRUPTIBLE AND FIRM SERVICE

Should any ~~consumer~~Customer qualified to purchase interruptible gas under all the availability provisions quoted above desire to purchase firm gas under Rate Schedule "C-1" or "I-1" plus interruptible gas under this Rate Schedule "L-1", said ~~consumer~~Customer may do so through a single meter installation under the following conditions:

- 1 The Company and the ~~consumer~~Customer must agree as to the maximum volume of firm gas to be delivered in any one day under Rate Schedule "C-1" or "I-1".
- 2 The volume of gas to be billed at the interruptible rate will be the total of the deliveries on each day of the billing month in excess of the agreed volumes for Rate Schedule "C-1" or "I-1"
3. The ~~consumer's~~Customer's requirement for interruptible gas must not be consistently less than a minimum daily volume of 100 MCF ~~days~~ on an annual or summer seasonal basis (May-October) above and beyond the purchase of firm gas

METRETEK-DATA COLLECTION EQUIPMENT

New

Customers ~~added to~~provided service under this Rate Schedule ~~after November 1, 1991~~ shall be required to pay \$2,500 ~~(includes applicable income taxes)~~ for the cost and installation of the Metrotek-Data Collection equipment. ~~All Customers shall also be required to pay the cost of any power or telephone lines necessary for the operation of such Metrotek (includes applicable income taxes)~~ The Customer may elect to have the Data Collection equipment.

RATE SCHEDULE L-1 (Continued), other than the meter, installed by a qualified third party in accordance with the Company's specification The meter installation and the connection of the data collections equipment to the meter shall be performed by the Company All Customers shall also be required to pay the installation and monthly cost of any power, telephone lines or wireless facilities necessary for the operation of such equipment.

SPECIAL TERMS AND CONDITIONS

The Company will allocate gas available for delivery under this Tariff as equitably as possible among affected ~~customers~~Customers giving effect to those similarly situated and in so doing may always give recognition to both its own curtailment plan and those curtailment plans and requirement indexes of its pipeline suppliers to the end that available gas may reach the highest priority of service as determined from time to time by appropriate State and Federal regulatory authorities.

This schedule is subject to interruption on one-half-hour's notice given by the Company by telephone or otherwise. The Company will curtail interruptible gas service to the ~~consumers~~Customers under this schedule in order to prevent a shortage of gas for the use of ~~consumers~~Customers under the Company's other rate schedules, and to prevent Customers being served under other rate schedules being adversely affected as the result of gas being delivered under this rate schedule at a price that is below current costs

~~Consumer~~

Customer shall immediately discontinue the use of interruptible gas service, to the extent of curtailment ordered, when and as directed by the Company; and authorized representatives of the Company shall have at all times the right of ingress and egress to the ~~consumer's~~Customer's premises Upon determination by the Company that the necessity for curtailment has ceased the Company shall so notify the ~~consumer~~Customer by telephone or otherwise and the ~~consumer~~Customer shall not resume service until so notified

CHATTANOOGA GAS COMPANY
GAS TARIFF
TRA NO. 1

ORIGINAL SHEET NO 25C

ISSUED: OCTOBER 11, 2004
ISSUED BY: STEVE LINDSEY, VP

EFFECTIVE: OCTOBER 1, 2004

RATE SCHEDULE L-1 (Continued)

SPECIAL TERMS AND CONDITIONS (Continued)

In the event ~~consumer~~Customer takes daily gas deliveries in excess of ~~consumer's~~Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event ~~consumer~~Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of ~~consumer's~~Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the ~~consumer~~Customer at the greater of the rate of (1.)\$15 00 per MCFDth or \$1.50(2.)the average daily index on curtailment days plus \$5 00 per Therm or an amount equal to the actual cost incurred by the Company to includeDth and all applicable pipeline and/or gas supplier penalties and/or charges because of the ~~consumer's~~Customer's failure to comply with a curtailment order as directed by the Company

These additional charges shall be in addition to all other charges payable under this Rate Schedule. The Company may waive any such additional charges for such excess or unauthorized use of gas if its costs of gas purchased or produced or gas service to any other of the Company's customers was not affected by such unauthorized use by the consumer.

The payment of a charge for unauthorized over-run shall not under any circumstances be considered as giving any such ~~consumer~~Customer the right to take unauthorized over-run volumes, nor shall such payment to considered as a substitute for any other remedies available to Company against ~~consumer~~Customer for failure to respect its obligations to adhere to the provisions of its contract with the Company.

The curtailment of interruptible gas deliveries in whole or in part under this schedule shall not be the basis for claims against the Company for any damages sustained by the ~~consumers~~Customers. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7

LIMITING AND CURTAILING GAS SERVICE

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority

GENERAL TERMS AND CONDITIONS

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

RATE SCHEDULE T-1

Interruptible Transportation Service

TRANSPORTATION SERVICE AGREEMENT

Interruptible Transportation Service provided hereunder shall be ~~by an annual service under a~~ Transportation Service Agreement on an individual ~~customer~~ Customer basis

AVAILABILITY

Available on an ~~interruptible~~ interruptible basis under a Transportation Service Agreement to eligible large volume consumers ~~Transportation Service shall be by Transportation Service Agreement Customers provided Chattanooga Gas Company (Company) has interruptible gas delivery capacity in conjunction with service under Rate Schedule L-1 or in addition to firm gas service purchased under Rate Schedules C-1 or I-1 as determined by each customer's special circumstances.~~ excess of the then existing requirements of other Customers, and further subject to the following conditions

1 Service shall be limited to ~~consumers~~ Customers consistently using on an annual basis, an interruptible minimum daily volume of 100 MCFD~~ths~~. A ~~customer~~ Customer may also qualify for this rate schedule on a summer seasonal basis (May-October) provided the daily usage during this period consistently meets or exceeds 100 MCFD~~ths~~.

2. The ~~consumer's~~ Customer's use under this rate shall not work a hardship on any other rate payers of the Company, nor adversely affect any other class of the Company's ~~consumers~~ Customers and further provided the ~~consumer's~~ Customer's use under this rate shall not adversely affect the Company's gas purchase plans and/or effective utilization of the daily demands under the Company's gas purchase contracts with its suppliers subject to review by the Tennessee Regulatory Authority when such review is requested by ~~consumer~~ Customer.

Consumer

3 Customer must be on or adjacent to the Company's existing mains and the mains shall, in the Company's judgment, be adequate to serve the ~~consumer's~~ Customer's requirements without impairing service to other ~~consumers~~ Customers unless the Customer pays all cost (including applicable Income Tax) to provide required facilities

4. The gas shall be delivered through a single point of delivery and shall not be resold directly or indirectly, without the approval of the Company. The Company is not authorized to give its approval if the purpose is to have two plants under common ownership, or separate ownership purchase gas through one meter

5. ~~Consumer~~ Service taken under this rate shall be by contract for a term of one year. Once a qualified Customer elects service under this Rate Schedule, all service will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. A new Customer beginning service after May 31 shall contract for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive service under Rate Schedule SS-1 concurrent with this Rate Schedule. A Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule L-1 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice. A Customer receiving service under the L-1/ T-1 Rates Schedules as of March 1, 2005 that fails to submit an executed contract will receive service under Rate Schedule L-1 through May 31, 2006

RATE SCHEDULE T-1 (Continued)

6. Customer agrees to install and maintain standby fuel burning facilities to enable ~~consumer~~Customer, in the event of curtailment of service, to continue operations on standby fuel, or to give satisfactory evidence of his ability and willingness to have the service hereunder interrupted or curtailed by the Company in accordance with the terms and conditions set forth in the Special Contract.

MONTHLY BASE RATE

*Net Rate

Thousands of Cubic Feet (MCF)

Customer Base Use Charge

\$300.00

Commodity Charge

First 1,500 MCFDths Per Month

\$0.8888 Per MCF \$ 8945 Per Dth

Next 2,500 MCFDths Per Month

\$0.7598.7644 Per MCF Dth

Next 11,000 MCFDths Per Month

\$0.4312.4335 Per MCF Dth

Over 15,000 MCFDths Per Month

\$0.2650.2664 Per MCF Dth

Other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates

*Company's Transportation Service Rate is in addition to all other applicable Pipeline Transportation Rates and Charges **RATE SCHEDULE T-1 (CONTINUED)**

MINIMUM BILL

The minimum bill shall be the Customer Base Use Charge as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

BILLING ADJUSTMENTS

~~Bills for Transportation Service hereunder are subject to adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.~~

METRETEK DATA COLLECTION EQUIPMENT

~~New Customers added to this Rate Schedule after November 1, 1991 shall be required to pay \$2,500 (includes applicable income taxes) for the cost and installation of the Metretek Data Collection equipment. All Customers shall also be required to pay the cost of any power or telephone lines necessary for the operation of such Metretek equipment.~~

TRANSPORTATION BALANCING

If in any month the quantity of gas delivered for transportation is less than the quantity of gas nominated by the Consumer, or on behalf of the Consumer, the Consumer acknowledges that such difference represents gas purchased by the Company. The Company will reimburse Consumer for purchase of said gas at the Consumer's average commodity cost of gas purchased, including all applicable transportation costs (excluding penalties) during said month, except that the average commodity cost paid to Consumer by Company shall not exceed the Company's lowest priced commodity cost of gas in effect during said month. If in any month the quantity of gas delivered for transportation is greater than the quantity of gas nominated, the Consumer acknowledges that such difference represents gas purchased from the Company under applicable Rate Schedule L-1. The Consumer agrees to nominate transportation gas volumes on a daily best efforts basis so that the Consumer's daily and monthly transportation nomination(s) shall be consistent with the provisions of East Tennessee's and/or Southern's Transportation Tariff. The Consumer shall be required to reimburse Company for any penalties which it caused the Company to incur from East Tennessee and/or Southern in accordance with the penalty provisions pursuant to East Tennessee's or Southern's Transportation Tariff which results from the LDC providing natural gas transportation service for the Consumer.

LIMITING AND CURTAILING GAS SERVICE

Transportation Service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority. **RATE SCHEDULE T-1 (CONTINUED)**

DATA COLLECTION EQUIPMENT

Customers provided service under this Rate Schedule shall be required to pay for the cost and installation of the Data Collection equipment (includes applicable income taxes) The Customer may elect to have the Data Collection equipment, other than the meter, installed by a qualified third party in accordance with the Company's specification The meter installation and the connection of the data collections equipment to the meter shall be performed by the Company All Customers shall also be required to pay the cost of any power, telephone lines, or wireless facilities necessary for the operation of such equipment

RATE SCHEDULE T-1 (Continued)

BALANCING

It shall be the Customer's responsibility to maintain a daily and monthly balance with the Company to insure system integrity and avoid any assessment of penalties against the Company by the Interstate Pipelines. To insure such, Customers are required to nominate on a daily basis. If the Company is assessed a penalty by a Customer's transporting pipeline, the Company shall have the right to pass-through all such penalties to the Customer to the extent the Customer or Customer's agent is responsible for causing the Company to be assessed such penalties.

CASH OUT OF MONTHLY IMBALANCES

Any difference between the quantities delivered to the Company's city gate facilities for the account of the Customer for the month, and the quantities consumed by the Customer as metered for the month, shall be the monthly imbalance. This imbalance shall be resolved monthly by "cashing out" the imbalance as it is known at that time. If the Customer consumes more gas than it has delivered to the Company, the Customer will be deemed to be "short" by the amount of the deficiency and will buy an amount of gas equal to the deficiency from the Company. The Customer shall pay a price equal to the highest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in *Gas Daily* published by Platts, in the first issue of such publication following the date of the transaction plus the 100% load factor FT transportation rate, applicable surcharges and fuel on the relevant pipeline times the premium percentage corresponding to the percentage of the deficiency listed in the table below plus the 100% load factor FT transportation rate. If the Customer consumes less gas than it has delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus by paying the Customer a price equal to the lowest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in *Gas Daily* published by Platts, in the first issue of such publication following the date of the transaction, applicable surcharges and fuel on the relevant pipeline times the discount percentage corresponding to the percentage of the deficiency listed in the table below plus the 100% load factor FT transportation rate.

<u>Percentage of the Imbalance</u>	<u>Short Premium</u>	<u>Long Discount</u>
<u>Equal to or less than 10%</u>	<u>100%</u>	<u>100%</u>
<u>Over 10% & equal to or less than 15%</u>	<u>120%</u>	<u>80%</u>
<u>Over 15% & equal to or less than 20%</u>	<u>140%</u>	<u>60%</u>
<u>Over 20%</u>	<u>150%</u>	<u>50%</u>

The Daily Index Cost of Gas shall be derived from the prices published in *Gas Daily* in the Daily Price Survey.

<u>Southern Natural , La</u>	<u>X</u>	<u>37%</u>
	<u>±</u>	
<u>Tennessee, zone 0</u>	<u>X</u>	<u>15%</u>
	<u>±</u>	
<u>Tennessee, La, 500 Leg</u>	<u>X</u>	<u>24%</u>
	<u>±</u>	
<u>Tennessee, La, 800 Leg</u>	<u>X</u>	<u>24%</u>

The Company will collect gross receipt tax on the incremental gross gas related charges

CHATTANOOGA GAS COMPANY
GAS TARIFF
TRA NO 1

-ORIGINAL NO 30C

ISSUED: OCTOBER 11, 2004
ISSUED BY STEVE LINDSEY, VP

EFFECTIVE OCTOBER 1, 2004

RATE SCHEDULE T-1(Continued)

Any difference between the actual cost of gas incurred by the Company and the Index prices defined above will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7. Increments or decrements which may result for the PGA will not apply to the cash-out mechanism.

LIMITING AND CURTAILING GAS SERVICE

Transportation Service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

SPECIAL TERMS AND CONDITIONS

This schedule is subject to interruption on one-half-hour's notice given by the Company by telephone or otherwise. The Company will curtail transportation gas service to the ~~eonsumers~~Customers under this schedule in order to prevent a shortage of gas for the use of ~~eonsumers~~Customers under the Company's other rate schedules

~~Consumer~~Customer shall immediately discontinue the use of transported gas service, to the extent of curtailment ordered, when and as directed by the Company; and authorized representatives of the Company shall have at all times the right of ingress and egress to the ~~eonsumer's~~Customer's premises. Upon determination by the Company that the necessity for curtailment has ceased the Company shall so notify the ~~eonsumer~~Customer by telephone or otherwise and the ~~eonsumer~~Customer shall not resume service until so notified.

In the event ~~eonsumer~~Customer takes daily gas deliveries in excess of ~~eonsumer's~~Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event ~~eonsumer~~Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of ~~eonsumer's~~Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the ~~eonsumer~~Customer at the greater of the rate of (1.)\$15.00 per MCF Dth or \$1.50 per Therm or an amount equal to (2.) the actual cost incurred by the Company to include average daily index on curtailment days plus \$5.00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the ~~eonsumer's~~Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule. ~~The Company may waive any such additional charges for such excess or unauthorized use of gas if its costs of gas purchased or produced or gas service to any other of the Company's customers was not affected by such unauthorized use by the consumer.~~

The payment of a charge for unauthorized over-run shall not under any circumstances be considered as giving any such ~~eonsumer~~Customer the right to take unauthorized over-run volumes, nor shall such payment be considered as a substitute for any other remedies available to Company against ~~eonsumer~~Customer for failure to respect its obligations to adhere to the provisions of its contract with the Company

The curtailment of interruptible transportation service deliveries in whole or in part under this schedule shall not be the basis for claims against the Company for any damages sustained by the ~~eonsumers~~Customers. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7.

GENERAL TERMS AND CONDITIONS

Transportation Service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

RATE SCHEDULE T-2
Interruptible Transportation Service With

Firm Gas Supply Backup

TRANSPORTATION SERVICE AGREEMENT

Interruptible Transportation Service provided hereunder shall be ~~by an annual service under a~~ Transportation Service Agreement on an individual ~~customer~~ Customer basis

AVAILABILITY

Available on an Interruptible basis to eligible large volume ~~consumers~~ Customers. Transportation Service shall be by Transportation Service Agreement in conjunction solely with service under Rate Schedule I-1

- 1 Service will be limited to ~~consumers~~ Customers consistently using on an annual basis, a minimal daily volume of 100 ~~Mcf~~ Dths
- 2 The ~~consumer's~~ Customer's use under this rate shall not work a hardship on any other rate payers of the ~~Chattanooga Gas Company (Company)~~, nor adversely affect any other class of the Company's ~~consumers~~ Customers and further provided the ~~consumer's~~ Customer's use under this rate shall not adversely affect the Company's gas purchase plans and/or effective utilization of the daily demands under the Company's gas purchase contracts with its suppliers subject to review by the Tennessee Regulatory Authority when such review is requested by ~~consumer~~ Customer.
3. Customer must be on or adjacent to the Company's existing mains and the mains shall, in the Company's judgment, be adequate to serve the ~~consumer's~~ Customer's requirements without impairing service to other ~~consumers~~ Customers
4. The gas shall be delivered through a single point of delivery and shall not be resold directly or indirectly, without the approval of the Company. The Company is not authorized to give its approval if the purpose is to have two plants under common ownership, or separate ownership purchase gas through one meter
- 5 Service taken under this rate shall be by contract for a term of one year. Once a qualified Customer elects service under this Rate Schedule, all service will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. A new Customer beginning service after May 31 shall contract for a term extending through the following May 31. Upon meeting the qualifications contained therein, a Customer may receive service under Rate Schedule SS-1 concurrent with this Rate Schedule. A Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule I-1 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice. A Customer receiving service under the I-1/ T-2 Rates Schedules as of March 1, 2005 that fails to submit an executed contract will receive service under Rate Schedule I-1 through May 31, 2006.

MONTHLY BASE RATE

Customer Base Use Charge

***Net Rate**

\$300 00

Demand Charge

Per Unit of Billing Demand

—————\$3 00 Per MCF Dth

Commodity Charge

First 1,500 MCF Dths Per Month

~~\$0.8888~~ Per MCF ~~\$ 8945~~ Per Dth

Next 2,500 MCF Dths Per Month

~~\$0.7598~~ ~~7644~~ Per MCF Dth

Next 11,000 MCF Dths Per Month

~~\$0.4312~~ ~~4335~~ Per MCF Dth

Over 15,000 MCF Dths Per Month

~~\$0.2650~~ ~~2664~~ Per MCF Dth

ISSUED: OCTOBER 11, 2004
ISSUED BY: STEVE LINDSEY, VP
~~ISSUED: OCTOBER 12, 1998~~

EFFECTIVE OCTOBER 1, 2004

~~EFFECTIVE: NOVEMBER 1, 1998~~

CHATTANOOGA GAS COMPANY
GAS TARIFF
TRA NO. 1

FOURTH FIFTH REVISED SHEET NO 31A

ISSUED OCTOBER 11, 2004
ISSUED BY: STEVE LINDSEY, VP
~~ISSUED OCTOBER 12, 1998~~

EFFECTIVE OCTOBER 1, 2004
~~EFFECTIVE NOVEMBER 1, 1998~~

RATE SCHEDULE T-2 (Continued)

Firm Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

—* Company's Transportation Service Rate is in addition to all other applicable Pipeline Transportation Rates and Charges

MINIMUM BILL

The Minimum Monthly Bill shall be the Customer Base Use Charge as shown in the Monthly Base Rate as stated above plus the amount of the individual customers' Customers' Monthly Demand Charge and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing—**RATE SCHEDULE T-2**

(CONTINUED)

BILLING ADJUSTMENTS

Bills for Transportation Service hereunder shall be subject to adjustment for changes in the cost of Firm purchased gas demand charges in accordance with Purchased Gas Adjustment (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority

Bills for gas service hereunder shall be subject to the provisions of the Interruptible Margin Credit Rider as approved by the Tennessee Regulatory Authority

SPECIAL TERMS AND CONDITIONS

~~In the event of curtailment of interruptible transportation service by the Company, the pipeline transporter, or Seller, the Company agrees to supply the contracted quantity of natural gas to the customer stated in MCF/day pursuant to the terms and conditions of Rate Schedule I-1 and the related gas sales agreement thereto or any amendments thereto. It is the intent that the customer at all times receive the contracted stated quantity of firm gas supply from interruptible transportation service or from firm natural gas sales purchased from the Company.~~

METRETEK DATA COLLECTION EQUIPMENT

New Customers added to this Rate Schedule after November 1, 1991 shall be required to pay \$2,500 (includes applicable income taxes) for the cost and installation of the Metretek Data Collection equipment. All Customers shall also be required to pay the cost of any power or telephone lines necessary for the operation of such Metretek equipment.

TRANSPORTATION BALANCING

~~If in any month the quantity of gas delivered for transportation is less than the quantity of gas nominated by the Consumer, or on behalf of the Consumer, the Consumer acknowledges that such difference represents gas purchased by the Company. The Company will reimburse Consumer for purchase of said gas at the Consumer's average commodity cost of gas purchased, including all~~

applicable transportation costs (excluding penalties) during said month, except that the average commodity cost paid to Consumer by Company shall not exceed the Company's lowest priced commodity cost of gas in effect during said month.

If in any month the quantity of gas delivered for transportation is greater than the quantity of gas nominated, the Consumer acknowledges that such difference represents gas purchased from the Company under applicable Rate Schedule I-1 or L-1.

The Consumer agrees to nominate transportation gas volumes on a daily best efforts basis so that the Consumer's daily and monthly transportation nomination(s) shall be consistent with the provisions of East Tennessee's and/or Southern's Transportation Tariff. The Consumer shall be required to reimburse Company for any penalties which it caused the Company to incur from East Tennessee and/or Southern in accordance with the penalty provisions pursuant to East Tennessee's or Southern's Transportation Tariff which results from the LDC providing natural gas transportation service for the Consumer.

LIMITING AND CURTAILING GAS SERVICE

Transportation Service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

~~RATE SCHEDULE T-2 (CONTINUED)~~

In the event of curtailment of interruptible transportation service by the Company, the pipeline transporter, or Seller, the Company agrees to supply the contracted quantity of natural gas to the Customer stated in Dths/day pursuant to the terms and conditions of Rate Schedule I-1 and the related gas sales agreement thereto or any amendments thereto. It is the intent that the Customer at all times receives the contracted stated quantity of firm gas supply from interruptible transportation service or from firm natural gas sales purchased from the Company. Service hereunder, however, shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

DATA COLLECTION EQUIPMENT

Customers provided service under this Rate Schedule shall be required to pay for the cost and installation of the Data Collection equipment (includes applicable income taxes). The Customer may elect to have the Data Collection equipment, other than the meter, installed by a qualified third party in accordance with the Company's specification. The meter installation and the connection of the data collections equipment to the meter shall be performed by the Company. All Customers shall also be required to pay the cost of any power, telephone lines, or wireless facilities necessary for the operation of such equipment.

BALANCING

It shall be the Customer's responsibility to maintain a daily and monthly balance with the Company to insure system integrity and avoid any assessment of penalties against the Company by the Interstate Pipelines. To insure such, Customers are required to nominate on a daily basis. If the Company is assessed a penalty by a Customer's transporting pipeline, the Company shall have the right to pass-through all such penalties to the Customer to the extent the Customer or Customer's agent is responsible for causing the Company to be assessed such penalties.

RATE SCHEDULE T-2 (Continued)

CASH OUT OF MONTHLY IMBALANCES

Any difference between the quantities delivered to the Company's city gate facilities for the account of the Customer for the month, and the quantities consumed by the Customer as metered for the month, shall be the monthly imbalance. This imbalance shall be resolved monthly by "cashing out" the imbalance as it is known at that time. If the Customer consumes more gas than the Customer has delivered to the Company, the Customer will be deemed to be "short" by the amount of the deficiency, and will buy an amount of gas equal to the deficiency from the Company in under the applicable I-1 Rate. If the Customer consumes less gas than it has delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus by paying the Customer a price equal to the lowest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in *Gas Daily* published by Platts, in the first issue of such publication following the date of the transaction, applicable surcharges and fuel on the relevant pipeline times the discount percentage corresponding to the percentage of the deficiency listed in the table below plus the 100% load factor FT transportation rate:

<u>Percentage of the Imbalance</u>	<u>Long Discount</u>
<u>Equal to or less than 10%</u>	<u>100%</u>
<u>Over 10% & equal to or less than 15%</u>	<u>80%</u>
<u>Over 15% & equal to or less than 20%</u>	<u>60%</u>
<u>Over 20 %</u>	<u>50%</u>

The Weighted Index Price" shall be derived from the prices published in *Gas Daily* from the Daily Price Survey

<u>Southern Natural , La</u>	<u>X</u>	<u>37%</u>
	<u>±</u>	
<u>Tennessee, zone 0</u>	<u>X</u>	<u>15%</u>
	<u>±</u>	
<u>Tennessee, La, 500 Leg</u>	<u>X</u>	<u>24%</u>
	<u>±</u>	
<u>Tennessee, La, 800 Leg</u>	<u>X</u>	<u>24%</u>

The Company will collect gross receipt tax on the incremental gross gas related charges.

Any difference between the actual cost of gas incurred by the Company and the Index prices defined above will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7. Increments or decrements which may result for the PGA will no apply to the cash-out mechanism

LIMITING AND CURTAILING GAS SERVICE

Transportation Service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

RATE SCHEDULE T-2 (Continued)

SPECIAL TERMS AND CONDITIONS

This schedule is subject to interruption on one-half-hour's notice given by the Company by telephone or otherwise. The Company will curtail transportation gas service to the ~~consumers~~ Customers under this schedule in order to prevent a shortage of gas for the use of ~~consumers~~ Customers under the Company's other rate schedules.

~~Consumer~~ Customer shall immediately discontinue the use of transportation gas service, to the extent of curtailment ordered, when and as directed by the Company, and authorized representatives of the Company shall have at all times the right of ingress and egress to the ~~consumer's~~ Customer's premises. Upon determination by the Company that the necessity for curtailment has ceased the Company shall so notify the ~~consumer~~ Customer by telephone or otherwise and the ~~consumer~~ Customer shall not resume service until so notified.

In the event ~~consumer~~ Customer takes daily gas deliveries in excess of ~~consumer's~~ Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event ~~consumer~~ Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of ~~consumer's~~ Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the ~~consumer~~ Customer at the greater of the rate of (1.) \$15.00 per MCF Dth or \$1.50 per Therm or an amount equal to (2.) ~~the actual cost incurred by the Company to include average daily index on curtailment days plus \$5.00 per Dth and~~ all applicable pipeline and/or gas supplier penalties and/or charges because of the ~~consumer's~~ Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule. ~~The Company may waive any such additional charges for such excess or unauthorized use of gas if its costs of gas purchased or produced or gas service to any other of the Company's customers was not affected by such unauthorized use by the consumer.~~

The payment of a charge for unauthorized over-run shall not under any circumstances be considered as giving any such ~~consumer~~ Customer the right to take unauthorized over-run volumes, nor shall such payment ~~to be~~ considered as a substitute for any other remedies available to Company against ~~consumer~~ Customer for failure to respect its obligations to adhere to the provisions of its contract with the Company.

The curtailment of interruptible gas deliveries in whole or in part under this schedule shall not be the basis for claims against the Company for any damages sustained by the ~~consumers~~ Customers. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7.

GENERAL TERMS AND CONDITIONS

Transportation ~~Service~~ service hereunder shall be subject to the ~~Company's Rules and Regulations~~ company's rules and regulations as filed with the Tennessee ~~Regulatory Authority~~ regulatory authority. The effectiveness of this ~~Tariff Sheet~~ tariff sheet will terminate should it be determined by the Tennessee ~~Regulatory Authority~~ regulatory authority that the limiting provisions contained in ~~Paragraph~~ paragraph 2 of the ~~Availability Section~~ availability section of this ~~Rate Schedule~~ rate schedule are required to be implemented.

CHATTANOOGA GAS COMPANY
GAS TARIFF
TRA NO. 1

ORIGINAL SHEET NO 31C

ISSUED OCTOBER 11, 2004
ISSUED BY: STEVE LINDSEY, VP

EFFECTIVE: OCTOBER 1, 2004

RATE SCHEDULE SF-1

Experimental Semi-Firm Sales Service (SFSS)

AVAILABILITY

This Rate Schedule is a bundled sales service available to those Customers served under Chattanooga Gas Company's Interruptible Rate Schedule L-1, Interruptible Transportation Rate Schedule T-1, and/or Interruptible Transportation with Firm Supply Backup T-2, to assist such Customers with mitigating the volatility of gas costs by providing the option of using storage volumes when such volumes can be made available by the Company with no detriment to the Company's firm ratepayers.

Service under this Rate Schedule will be awarded to winning bidders for November 1 of the current year through March 31 of the following year (Heating Season). Service provided under this Rate Schedule may be interrupted on any given day contingent on the Company's ability to provide service to the Company's firm rate payers.

TITLE to GAS

All Gas dedicated to SFSS annually shall remain the property of the Company. Title to said dedicated Gas shall pass from the Company to the Customer when Gas is delivered to the Customer pursuant to the terms of this Rate Schedule

AVAILABLE VOLUMES

On August 1 of each year the Company will post the total Deliverability and Reserved Volumes that will be made available to eligible Customers under this Rate Schedule for the upcoming Heating Season. In addition the Company will post acceptable minimum seasonal Deliverability and Reservation Rates that would be acceptable to the Company as well as the commodity rate that will be applied to the total aggregate Reserved Volumes upon delivery. Customers eligible to receive service under SFSS may submit bids to the Company on or before August 20. Bids must include the following: Customer's desired Maximum Daily Deliverability; the dollar value the Customer places on the requested Maximum Daily Deliverability Volume in the form of a monthly unit Maximum Daily Deliverability Rate; Customer's desired total Reserved Volume; and the dollar value the Customer places on the requested Reserved Volume during the Heating Season in the form of a monthly unit Reservation Rate. On or before August 25 the Company will evaluate all bids and award the reserved Daily Deliverability and Reserved Volumes to the bid(s) generating the highest Net Present Value (NPV). However, in no event may a Customer's total Reserved Volume exceed the Customer's average daily usage during the previous twelve months times 30 days nor the Customer's Daily Deliverability exceed the Customer's highest demand day during the previous Heating Season. If an L-1 Customer nominates SFSS service for a given day and fails to burn such amount, then such volumes will be carried over to the subsequent day.

If two or more bids generate the same NPV and the requested volumes exceed the total Daily Deliverability or total Reserved Volume available for use under this Rate Schedule, the Daily Deliverability will be allocated to the winning bidders on a pro rata basis. On or before August 31 the winning bidders shall enter into a contract to purchase from the Company the requested and/or allocated Reserved Volume.

DELIVERABILITY

Service provided under this Rate Schedule on a daily basis is limited to the total remaining capacity of the Company after firm requirements are satisfied. In the event of a curtailment SFSS supply must be nominated and will be delivered as long as the Company's firm requirements are satisfied. If on any day, the Company is unable to meet the total SFSS nominations because the demand for Gas to be delivered under this Rate Schedule exceeds the Company's ability to deliver Gas using the Company's existing capacity, nominations will be confirmed based on the highest unit rate bid for the monthly Deliverability Rate. In the event multiple bids are the same the volumes will be reduced prorata. In no event will a Customer's cumulative receipt of Gas under this Rate Schedule exceed the Customer's total Reserved Volume for the Heating Season.

RATE SCHEDULE SF-1(Continued)

RATES

These rates are in addition to the rates applicable to the Customer under Rate Schedules L-1, T-1 and or T-2. The following charges shall be billed monthly during the Heating Season:

- (a) Maximum Deliverability Rate - A charge per Dth applied to the Maximum Daily Deliverability that the Customer bid and the Company accepted
- (b) Reservation Rate - A charge per Dth applied to the Reserved Volume that the Customer bid and the Company accepted
- (c) Supplier Demand Rate - A charge per Dth for volumes delivered under this Rate Schedule during the preceding month. The purpose of this charge is to recover a proportional share of the fixed costs associated with the storage service(s) provided by the interstate pipeline company(ies') underlying this service. The charge shall be the total annual fixed costs divided by the total daily deliverability from storage divided by 151 days. All revenue collected from this charge shall be credited to the Deferred Gas Cost Account as recovered Demand Cost under the Purchased Gas Adjustment provision of the Company's tariff
- (d) Supplier Volumetric Rate - A charge per Dth for volumes delivered under this Rate Schedule during the preceding month. The purpose of this charge is to recover the total variable interstate pipeline costs associated with providing this service, including but not limited to the FT volumetric charge, storage injection and withdrawal charges and any and all associated fuel and surcharges. Revenues collected from this charge shall be credited to the Deferred Gas Cost Account as recovered Commodity cost under the Purchased Gas Adjustment provision of the Company's tariff
- (e) Commodity Rate - A rate per Dth for Gas delivered under this Rate Schedule during the preceding month. The rate to be applied to the Reservation Volumes will be posted on August 1 of any given year. Revenues collected from this charge shall be credited to the Deferred Gas Cost Account as recovered Commodity cost under the Purchased Gas Adjustment provision of the Company's tariff
- (f) Carrying Cost - The monthly cost for retaining the Reserved Volumes contracted by Customer. The amount charged shall be billed monthly for the preceding months remaining reserved volumes multiplied by the Company's pretax authorized rate of return.

Payment for the Maximum Daily Deliverability Charge and the Reservation Charge shall be in five equal monthly payments due on the first of the month beginning November 1. All other charges shall be due upon presentation. Payments received after the due date shall be for an amount which shall be greater by five percent (5%) than the net billing.

RATE SCHEDULE SF-1 (Continued)

NOTIFICATION BY CUSTOMERS

Qualifying Customers that have been approved for SFSS volumes will notify the Company by fax or e-mail by 12:00 Noon prior to the effective Gas Day that they desire to use volumes available under this Rate Schedule. Customers will be notified via e-mail or fax when demand for gas volumes under this Rate Schedule are terminated or allocated due to deliverability limitations pursuant to the availability provisions of this Rate Schedule. Provision of Gas under this Rate Schedule will automatically end when the Customer has utilized the Customer's Reserved Volume for the applicable Heating Season.

VOLUME REMAINING AT MARCH 31

If a Customer does not utilize the Customer's total Reserved Volume awarded by the Company, the remaining volume as of April 1 will be transferred to the Company's system inventory.

RATE SCHEDULE T-3
Low Volume Transport

TRANSPORTATION SERVICE AGREEMENT

Transportation Service provided hereunder shall be an annual service under a Transportation Service Agreement on an individual Customer basis

AVAILABILITY

Available to commercial or industrial Customer consistently using on an annual basis, a minimal daily volume of 50 Dths or 18,250 Dths annually. Service taken under this rate shall be by contract for a term of one year. Once a qualified Customer elects service under this Rate Schedule, all service will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. A new Customer beginning service after May 31 shall contract for a term extending through the following May 31. A Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule C-1 by giving written notice to the Company prior to March 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice.

MONTHLY BASE RATE

	<u>Winter</u> <u>Net Rate*</u> <u>November-April</u>	<u>Summer</u> <u>Net Rate*</u> <u>May-October</u>
<u>Customer Base Use Charge</u>	<u>\$20 00</u>	<u>\$15 00</u>
<u>Commodity Charge</u>		
<u>First 3,000 Therms Per Month</u>	<u>27 667¢ Per Therm</u>	<u>21 722¢ Per Therm</u>
<u>Next 2,000 Therms Per Month</u>	<u>25 253¢ Per Therm</u>	<u>17 244¢ Per Therm</u>
<u>Next 10,000 Therms Per Month</u>	<u>24 599¢ Per Therm</u>	<u>16 077¢ Per Therm</u>
<u>Over 15,000 Therms Per Month</u>	<u>12 727¢ Per Therm</u>	<u>12 727¢ Per Therm</u>

The Purchased Gas Adjustment computed in accordance with TRA Administrative Rule 1220-4-7 shall not apply. Other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes shall be added to the above rates.

* Company's Transportation Service Rate is in addition to all other applicable Pipeline Transportation Rates and Charges.

MINIMUM BILL

The minimum monthly bill shall be the Customer Base Use as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

DATA COLLECTION EQUIPMENT

Customers provided service under this Rate Schedule shall be required to pay for the cost and installation of the Data Collection equipment (includes applicable income taxes). The Customer may elect to have the Data Collection equipment, other than the meter, installed by a qualified third party in accordance with the Company's specification. The meter installation and the connection of the data collections equipment to the meter shall be performed by the Company.

RATE SCHEDULE T-3 (Continued)

All Customers shall also be required to pay the cost of any power, telephone lines, or wireless facilities necessary for the operation of such equipment.

SPECIAL TERMS & CONDITIONS

In the event Customer takes daily gas deliveries in excess of Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the Customer at the greater of (1) the rate of \$15.00 per Dth or (2) the average daily index on curtailment days plus \$5 00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company.

These additional charges shall be in addition to all other charges payable under this Rate Schedule

The payment of a charge for unauthorized or excess use shall not under any circumstances be considered as giving any such Customer the right to take unauthorized or excess volumes, or to purchase such unauthorized or excess volumes of gas on any of the Company's other rate schedules, nor shall such payment be considered as a substitute for any other remedies available to Company against Customer for failure to respect Customer's obligations to adhere to the provisions of Customer's contract with the Company. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7.

CASH OUT OF MONTHLY IMBALANCES

Any difference between the quantities delivered to the Company's city gate facilities for the account of the Customer for the month, and the quantities consumed by the Customer as metered for the month, shall be the monthly imbalance. This imbalance shall be resolved monthly by "cashing out" the imbalance as it is known at that time. If the Customer consumes more gas than it has delivered to the Company, the Customer will be deemed to be "short" by the amount of the deficiency and will buy an amount of gas equal to the deficiency from the Company. The Customer shall pay a price equal to the highest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in *Gas Daily* published by Platts, in the first issue of such publication following the date of the transaction plus the 100% load factor FT transportation rate, applicable surcharges and fuel on the relevant pipeline times the premium percentage corresponding to the percentage of the deficiency listed in the table below plus the 100% load factor FT transportation rate. If the Customer consumes less gas than it has delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus by paying the Customer a price equal to the lowest Daily Index Cost of Gas, as determined from the "Daily Price Survey" set forth in *Gas Daily* published by Platts, in the first issue of such publication following the date of the transaction, applicable surcharges and fuel on the relevant pipeline times the discount percentage corresponding to the percentage of the deficiency listed in the table below plus the 100% load factor FT transportation rate.

<u>Percentage of the Imbalance</u>	<u>Short Premium</u>	<u>Long Discount</u>
<u>Equal to or less than 10%</u>	<u>100%</u>	<u>100%</u>
<u>Over 10% & equal to or less than 15%</u>	<u>120%</u>	<u>80%</u>
<u>Over 15% & equal to or less than 20%</u>	<u>140%</u>	<u>60%</u>
<u>Over 20%</u>	<u>150%</u>	<u>50%</u>

RATE SCHEDULE T-3 (Continued)

The Daily Index Cost of Gas shall be derived from the prices published in *Gas Daily* in the Daily Price Survey

<u>Southern Natural , La</u>	<u>X</u>	<u>37%</u>
	<u>±</u>	
<u>Tennessee, zone 0</u>	<u>X</u>	<u>15%</u>
	<u>±</u>	
<u>Tennessee, La, 500 Leg</u>	<u>X</u>	<u>24%</u>
	<u>±</u>	
<u>Tennessee, La, 800 Leg</u>	<u>X</u>	<u>24%</u>

The Company will collect gross receipt tax on the incremental gross gas related charges

Any difference between the actual cost of gas incurred by the Company and the Index prices defined above will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7. Increments or decrements which may result for the PGA will not apply to the cash-out mechanism

LIMITING AND CURTAILING GAS SERVICE

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Public Service Authority

GENERAL TERMS AND CONDITIONS

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority

RATE SCHEDULE V-1

Natural Gas Vehicle Service

AVAILABILITY

Available for all gas service furnished to any gas ~~customer~~Customer who uses Natural Gas as an energy source for the propulsion of motor vehicles when the natural gas is delivered by ~~the~~Chattanooga Gas Company (Company) into separately metered facilities which compress the natural gas for such use, who contract in writing for service under this Rate Schedule, and who provide the necessary facilities for the compression of such natural gas for delivery to vehicles

MONTHLY BASE RATE

Net Rate

~~Hundreds Of Cubic Feet (CCF)~~ **Net Rate**

Customer Base Use Charge

\$17 50

Commodity Charge

4 560¢ Per Therm

~~Flat Rate Per Month~~

~~4.50¢ Per CCF~~

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Tennessee Regulatory Authority's Rules and Regulations and applicable taxes, including any amounts due in the form of motor fuel tax imposed by any governmental agency, as amended from time to time, shall be added to the above rates.

MINIMUM BILL

The minimum monthly bill shall be the Customer Base Use Charge as shown in the Monthly Base Rate stated above and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule.

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing.

BILLING ADJUSTMENTS

Bills for gas service hereunder shall be subject to adjustments for changes in the cost of purchased gas in accordance with Purchased Gas Adjustments (PGA) Docket No. G86-1 of the Tennessee Regulatory Authority Rules and Regulations and shall be subject to other adjustments, charges and/or credits as determined to be applicable and approved by the Tennessee Regulatory Authority.

LIMITING AND CURTAILING GAS SERVICE

Gas service hereunder shall be subject to the Company's Schedule for Limiting and Curtailing Gas Service as filed with the Tennessee Regulatory Authority.

GENERAL TERMS AND CONDITIONS

Gas service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority as well as the contractual provisions contained in the contract for service hereunder.

ISSUED: OCTOBER 11, 2004
ISSUED BY: STEVE LINDSEY, VP
~~ISSUED OCTOBER 12, 1998~~

EFFECTIVE OCTOBER 1, 2004

~~EFFECTIVE: NOVEMBER 1, 1998~~

RATE SCHEDULE SS-1

Special Service

AVAILABILITY

This Rate Schedule is available to any commercial, industrial or transportation service ~~customer~~Customer on those occasions when ~~the Chattanooga Gas Company~~ (Company) has gas or transportation service that it cannot sell pursuant to its Interruptible Rate Schedule L-1 or Interruptible Transportation Rate Schedule T-1. On such occasions, the gas or transportation sales would be lost to the Company and to its ~~customers~~Customers. This Rate Schedule is designed to permit the Company to sell such gas, or transportation service at negotiated rates and for the purpose of enabling the Company to compete with alternate fuels available for use by its ~~customers~~Customers

Service under this Rate Schedule is available to ~~customers~~Customers on a temporary basis within the franchised territory of the Company and who are connected to the Company's distribution system and to transportation service ~~customers~~Customers who can be served by pipeline supplier transportation arrangements. Service may be provided under this Rate Schedule only in the event that the Company has volumes of gas or transportation service that cannot be sold under other applicable Rate Schedules of the Company because of alternate fuel competition

MONTHLY RATE

The Customer shall pay the Company for all gas or transportation service provided under this Rate Schedule at a predetermined net rate negotiated prior to providing service

MINIMUM BILL

The minimum bill shall be the applicable Customer Base Use Charge due under Rate Schedule L-1 or T-1 and shall be due and payable in addition to any and all other applicable charges due under this Rate Schedule

PAYMENT TERMS

All bills for service are due upon presentation. The stated net amount shown on the bill shall apply if payment is received on or before the date as specified on the bill. Payments received after that date shall be for an amount which shall be greater by five percent (5%) than the net billing

ALTERNATE FUEL PRICE

In order to qualify for negotiated rates available under this Rate Schedule, the ~~customer~~Customer shall furnish the Company with an affidavit setting forth the equivalent alternate fuel price, the quality of the alternate fuel, the quantity of the alternate fuel available at the current alternate fuel price and the period of time for which the current alternate fuel price will be effective.

SPECIAL TERMS AND CONDITIONS

When gas or transportation service is available for delivery under this Rate Schedule, the Company will always give recognition to both its own curtailment plan and those curtailment plans and requirement indexes of its pipeline suppliers to the end that available gas may reach the highest priority of service as determined from time to time by appropriate State and Federal regulatory authorities

This Rate Schedule is subject to interruption on one-half-hour's notice given by the Company by telephone or otherwise. The Company will curtail gas or transportation service to the ~~consumers~~Customers under this

ISSUED OCTOBER 11, 2004
ISSUED BY STEVE LINDSEY, VP
~~ISSUED OCTOBER 12, 1998~~

EFFECTIVE: OCTOBER 1, 2004

~~EFFECTIVE: NOVEMBER 1, 1998~~

CHATTANOOGA GAS COMPANY
GAS TARIFF
TRA NO 1

~~FOURTH~~ FIFTH REVISED SHEET NO.37

Rate Schedule prior to curtailment of service under any other Rate Schedule in order to prevent a shortage of gas for the use of ~~consumers~~ Customers under the Company's other rate schedules

~~Consumer~~

ISSUED OCTOBER 11, 2004
ISSUED BY: STEVE LINDSEY, VP
~~ISSUED OCTOBER 12, 1998~~

EFFECTIVE: OCTOBER 1, 2004

~~EFFECTIVE NOVEMBER 1, 1998~~

RATE SCHEDULE SS-1 (Continued)

SPECIAL TERMS AND CONDITIONS (Continued)

Customer shall immediately discontinue the use of gas or transportation service, to the extent of curtailment ordered, when and as directed by the Company, and authorized representatives of the Company shall have at all times the right of ingress and egress to the ~~consumer's~~Customer's premises. Upon determination by the Company that the necessity for curtailment has ceased the Company shall so notify the ~~consumer~~Customer by telephone or otherwise and the ~~consumer~~Customer shall not resume service until so notified.

RATE SCHEDULE SS-1 (CONTINUED)

In the event ~~consumer~~Customer takes daily gas deliveries in excess of ~~consumer's~~Customer's daily contract entitlement where such consumption is measured and recorded on a daily basis, or in the event ~~consumer~~Customer does not comply with a curtailment order as directed by the Company and takes gas in excess of the daily volume allowed by the Company in the curtailment order, such gas taken in excess of ~~consumer's~~Customer's daily contract entitlement or such daily volumes taken in excess of curtailment volumes shall be paid for by the ~~consumer~~Customer at the greater of the rate of (1) \$15.00 per MCF Dth or \$1.50 per Therm or an amount equal to (2) the actual cost incurred by the Company to include average daily index on curtailment days plus \$5.00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the ~~consumer's~~Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule. ~~The Company may waive any such additional charges for such excess or unauthorized use of gas if its costs of gas purchased or produced or gas service to any other of the Company's customers was not affected by such unauthorized use by the consumer.~~

The payment of a charge for unauthorized over-run shall not under any circumstances be considered as giving any such right to take unauthorized over-run volumes, nor shall such payment be considered as a substitute for any other remedies available to Company against ~~consumer~~Customer for failure to respect its obligations to adhere to the provisions of its contract with the Company.

The curtailment of gas deliveries in whole or in part under this Rate Schedule shall not be the basis for claims against the Company for any damages sustained by the ~~consumers~~Customers. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7.

GENERAL TERMS AND CONDITIONS

Service hereunder shall be subject to the Company's Rules and Regulations as filed with the Tennessee Regulatory Authority.

RATE SCHEDULE BBS – 1

Budget Billing Service

AVAILABILITY

Available to any Residential or Firm Commercial Customer. The Customer's gas account must be current when joining the Budget Billing plan.

GENERAL TERMS AND CONDITIONS

Customer Notification and Application Forms will be mailed in July of each year.

The used-to-date amount consists of the total to date of the ~~customer's~~Customer's gas bills that the ~~customer~~Customer would have incurred from the beginning of the budget plan had the ~~customer~~Customer not been on the Budget Billing plan.

The paid-to-date amount consists of all payments to date by the ~~customer~~Customer toward the Budget Billing plan from the beginning of the budget plan.

The budget year begins with the September billing and continues throughout the following August. The monthly budget payment amount is determined from the premise's Annual Base. The Annual Base is an actual or calculated dollar amount of the yearly gas usage for the premise. For new ~~customers~~Customers who begin the plan in September, the Annual Base is divided by 11.5 to determine the monthly budget installment amount.

Customers may join the plan at any time during the budget year. Budget installments will be determined from the number of months remaining until the end of the budget year.

The minimum monthly budget installment amount is \$5.00. The plan is renewed automatically each year. The Customer may cancel the Budget Billing Agreement at any time upon making a request to return to Regular Billing status.

If the account is past-due and the used-to-date amount exceeds the paid-to-date amount, the account may be removed from the budget plan at the company's option.

BILLING ADJUSTMENTS

Budget Billing accounts are reviewed four times a year. These reviews occur in November, February, May, and August. The monthly installment amount may change with each review. An account will not be reviewed in November or May if the budget plan has been in effect less than two months.

In November, the monthly installment amount will be recalculated if the used-to-date and the billed-to-date amounts differ by more than one monthly budget bill installment. The recalculated amount will be determined as follows: The amounts from the previous year's December through August bills are added to the November difference between the used-to-date and billed-to-date amounts. The total amount is divided by 8.5. If the difference between the current budget installment and the recalculated amount is greater than 35% of the current budget installment, the recalculated amount becomes effective in December.

RATE SCHEDULE BBS-1 (~~continued~~Continued)

In February, all Budget Billing accounts will be recalculated. The recalculated amount will be determined as follows: The amounts from the previous year's March through August bills are added to the February difference between the used-to-date and billed-to-date amounts. The total amount is divided by 5.5. When the current budget amount is \$50.00 or greater and the difference between the current and the recalculated amount is greater than \$5.00, then the recalculated amount becomes effective in March. When the current budget amount is less than \$50.00 and the difference in the current and recalculated amounts is greater than 10% of the current amount, then the recalculated amount becomes effective in March.

In May, the monthly installment amount will be adjusted if the used-to-date and the billed-to-date amounts differ by more than two monthly budget bill installments. The recalculated amount will be determined as follows: The amounts from the previous year's June through August bills are added to the May difference between the used-to-date and billed-to-date amounts. The total amount is divided by three (3). If the difference between the current budget installment and the recalculated amount is greater than 35% of the current budget installment, the recalculated amount becomes effective in June.

When ~~customers~~Customers sign up for the Budget Payment Plan, they may choose to have their excess credits (difference), if any, rolled into the budget amount for next year or they may choose to settle the account at the end of the budget year.

Each ~~customer~~Customer who elects the refund option will receive a refund if the difference between the used-to-date and billed-to-date amounts at the end of the budget year is a credit of \$25.00 or greater. A credit balance of less than \$25.00 will be refunded at the request of the ~~customer~~Customer. If the difference is a debit, the difference will be billed to the ~~customer~~Customer in August.

If the ~~customer~~Customer elects the rollover option, a difference of \$12.00 or greater (debit or credit) will be rolled into the new budget year calculations. A difference of less than \$12.00 (debit or credit) will be billed as an adjustment to the regular August installment.

CHATTANOOGA GAS COMPANY
GAS TARIFF
TRA NO 1

FOURTH REVISED SHEET NO 45A

ISSUED. OCTOBER 11, 2004
ISSUED BY STEVE LINDSEY, VP

EFFECTIVE: OCTOBER 1, 2004

INTERRUPTIBLE MARGIN CREDIT RIDER

APPLICABILITY

This Rider shall apply to and become part of each of ~~the Chattanooga Gas Company's~~ (Company's) Rate Schedules under which gas is sold on a firm basis (hereinafter referred to as "Firm Schedule").

INTENT AND APPLICATION

This Interruptible Margin Credit Rider is intended to authorize the Company to recover ninety percent (90%) of the gross profit margin losses that result from rates negotiated under the provisions of Special Service Rate Schedule SS-1 or from ~~customers~~Customers who switch to alternate fuels where the Company is unable to meet alternate fuel competition

This Interruptible Margin Credit Rider is also intended to authorize the Company to recover not more than fifty percent (50%) of the gross profit margin that results from transactions with non-jurisdictional ~~customers~~Customers that rely on the Company's gas supply assets (all such transactions including off-system sales) should such transactions be made by the Company

DETERMINATION OF GROSS PROFIT MARGIN LOSSES

The gross profit margin loss shall be calculated as ninety percent (90%) of the difference between the Test-Year Targeted Rate Margin as determined in the Company's most recent rate case order of the Authority and the Actual Negotiated Rate Margin.

Any amount of gross profit margin losses shall be recovered from the firm commodity component of gas costs as determined under the presently effective Purchased Gas Adjustment Provision

FILING WITH THE AUTHORITY

Each negotiated rate gross profit margin loss accounting/recovery period shall correspond with the Company's Fiscal Year which ends December 31, each year

The Company shall charge all authorized negotiated rate gross profit margin losses to the "Deferred Gas Cost" account in accordance with Section III.C. of the Authority's PGA Docket No G86-1 and shall file the supplemental sheets required by this Rule showing the calculation of the margin losses.

WEATHER NORMALIZATION ADJUSTMENT

(WNA) RIDER

PROVISION FOR ADJUSTMENT

The base rate per CCF/therm (100,000 Btu) for gas service set forth in any rate schedules utilized by the Authority in determining normalized test period revenues shall be adjusted by an amount hereinafter described, which amount is referred to as the "Weather Normalization Adjustment."

DEFINITIONS

For Purpose of this Rider.

"Authority" means the Tennessee Regulatory Authority

"Relevant Rate Order" means the final order of the Authority in the most recent litigated rate case of ~~the Chattanooga Gas Company~~ (Company) fixing the rates of the Company or the most recent final order of the Authority Specifically prescribing or fixing the factors and procedures to be used in the application of this Rider

COMPUTATION OF WEATHER NORMALIZATION ADJUSTMENT

The Weather Normalization Adjustment shall be computed to the nearest one-hundredth cent per CCF/therm by the following formula:

$$WNA_i = R_i \frac{(NDD-ADD)}{(BL_i + (HSF_i \times ADD))}$$

Where

- | | |
|---------|--|
| i | = any particular Rate Schedule or billing classification within any such particular Rate Schedule that contains more than one billing classification |
| WNA_i | = Weather Normalization Adjustment Factor for the i th Rate Schedule or classification expressed in cents per CCF/therm |
| R_i | = weighted average base rate (base rate less any embedded gas cost) of temperature sensitive sales for the i th schedule or classification utilized by the Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues |
| HSF_i | = heat sensitive factor for the i th schedule or classification utilized by the Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues |
| NDD | = normal billing cycle heating degree days utilized by the Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues |
| ADD | = actual billing cycle heating degree days |
| BL_i | = base load sales for the i th schedule or classification utilized by the Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues |

FILING WITH AUTHORITY

The Company will file as directed by the Authority (a) a copy of each computation of the Weather Normalization Adjustment, (b) a schedule showing the effective date of each such Weather -Normalization

CHATTANOOGA GAS COMPANY
GAS TARIFF

| TRA NO 1

~~FIRST~~SECOND REVISED SHEET NO 49

Adjustment, and (c) a schedule showing the factors or values derived from the Relevant Rate Order used in
calculating such Weather Normalization Adjustment

ISSUED. OCTOBER 11, 2004
ISSUED BY: STEVE LINDSEY, VP
ISSUED: OCTOBER 12, 1998

EFFECTIVE: OCTOBER 1, 2004

~~EFFECTIVE. NOVEMBER 1, 1998~~

CHATTANOOGA GAS COMPANY

GAS TARIFF

TRA NO. 1

~~FOURTH~~ FIFTH REVISED SHEET NO 49A

WEATHER NORMALIZATION ADJUSTMENT

(WNA) RIDER COMPONENTS

<u>RATE SCHEDULE</u>	<u>WEIGHTED BASE RATE (\$CCFTHERM)</u>	<u>HEAT SENSITIVE FACTOR - HSF (CCFTHERM)</u>	<u>BASE LOAD - BL (CCFTHERM)</u>
<u>(R-1) RESIDENTIAL GENERAL SERVICE</u>			
Winter (November – April)	203346.210406	208678.191495	4722412.901
<u>(R-4) MULTI-FAMILY HOUSING SERVICE</u>			
Winter (November - April)	208600.183110	449141.098985	2504418.695
<u>(C-1) COMMERCIAL AND INDUSTRIAL GENERAL SERVICE</u>			
Winter (November - April)	257377.255481	987685.811269	221.606171.926

ISSUED OCTOBER 11, 2004
ISSUED BY STEVE LINDSEY, VP
ISSUED: OCTOBER 12, 1998

EFFECTIVE: OCTOBER 1, 2004

EFFECTIVE: NOVEMBER 1, 1998

PURCHASED GAS ADJUSTMENT PROVISION PURSUANT TO RULE ~~401.121~~220-4-7**OF****THE TENNESSEE REGULATORY AUTHORITY RULES AND REGULATIONS****I GENERAL PROVISIONS**

- A This Purchased Gas Adjustment (PGA) Rider is intended to permit the Company to recover, in a timely fashion, the total cost of gas purchased for delivery to its ~~eustomers~~Customers and to assure that the Company does not over-collect or under-collect Gas Costs from its ~~eustomers~~Customers
- B This Rider is intended to apply to all Gas Costs incurred in connection with the purchase, transportation and/or storage of gas purchased for general system supply, including, but not limited to, natural gas purchased from interstate pipeline transmission companies, producers, brokers, marketers, associations, intrastate pipeline transmission companies, joint ventures, providers of liquefied natural gas (LNG), liquefied petroleum gas (LPG), substitute, supplemental or synthetic natural gas (SNG), and other hydrocarbons used as feed-stock, other distribution companies and end-users, whether or not the Gas Costs are regulated by the Federal Energy Regulatory Authority and whether or not the provider of the gas, transportation or storage is affiliated with the Company
- C To the extent practicable, any revision in the PGA shall be filed with the Authority no less than thirty (30) days in advance of the proposed effective date and shall be accompanied by the computations and information required by this Rider. It is recognized, however, that in many instances the Company receives less than 30 days notice from its Suppliers and that other conditions may exist which may prevent the Company from providing 30 days advance notice. Therefore, should circumstances occur where information necessary for the determination of an adjustment under this Rider is not available to the Company so that the thirty (30) days requirement may be met, the Company may, upon good cause shown, be permitted to place such rates into effect with shorter advance notice
- D The rates for gas service set forth in all of the Rate Schedules of the Company shall be adjusted pursuant to the terms of the PGA, or any specified portion of the PGA as determined by individual Rate Schedule(s)
- E No provision of this Rider shall supersede any provision of a Special Contract approved by the Authority

II DEFINITIONS

- A. **"Gas Costs"** shall mean the total delivered cost of gas paid or to be paid to Suppliers, including, but not limited to, all commodity/gas charges, demand charges, peaking charges, surcharges, emergency gas purchases, over-run charges, capacity charges, standby charges, gas inventory charges, minimum bill charges, minimum take charges, take-or-pay charges and take-and-pay charges (except as provided below), storage charges, service fees and transportation charges and any other similar charges which are paid by the Company to its gas suppliers in connection with the purchase, storage or transportation of gas for the Company's system supply
- B. **"Fixed Gas Costs"** shall mean all Gas Costs based on the Company's right to demand gas or transportation on a daily or seasonal peak, but unless otherwise ordered by the Authority, shall not include other charges paid for gas reserve dedication (e.g., reservation fees and gas inventory charges), minimum bill charges, minimum take charges, over-run charges, emergency gas charges, take-or-pay charges or take-and-pay charges (all of which shall be considered commodity costs)

PURCHASED GAS ADJUSTMENT PROVISION (Continued)

- C. **"Gas Charge Adjustment"** shall mean the per unit amount billed by the Company to its ~~customers~~Customers solely for Gas Costs. The Gas Charge Adjustment shall be separately stated for firm ~~customers~~Customers and for non-firm ~~customers~~Customers.
- D. **"Suppliers"** shall mean any person or entity, including affiliates of the Company, who locates, purchases, sells, stores and/or transports natural gas or its equivalent for or on behalf of the Company. Suppliers may include, but not be limited to, interstate pipeline transmission companies, producers, brokers, marketers, associations, intrastate pipeline transmission companies, joint ventures, providers of LNG, LPG, SNG, and other hydrocarbons used as feed-stock, other distribution companies and end-users.
- E. **"Computation Period"** shall mean the twelve (12) month period utilized to compute Gas Costs. Such period shall be the twelve (12) month period ending on the last day of a month which is no more than 62 days prior to the filing date of a PGA.
- F. **"Demand Billing Determinants"** shall mean the annualized volumes for which the Company has contracted with Suppliers as of the first day of the Filing Month.
- G. **"Commodity Billing Determinants"** shall mean the total metered throughput, regardless of source, during the Computation Period, adjusted for known and measurable changes. Should the Company expect to purchase commodity gas from several Suppliers, the Company shall allocate to each supplier a percentage of the total metered throughput, regardless of source, during the Computation Period, adjusted for known and measurable changes. The percentage used to allocate among Suppliers shall be based on historical takes during the Computation Period, if appropriate; otherwise it shall be based upon the best estimate of the Company.
- H. **"Filing Month"** shall mean the month in which a proposed revision is to become effective.

III. COMPUTATION AND APPLICATION OF THE PGA

The PGA shall consist of three major components. (1) the Gas Charge Adjustment; (2) the Refund Adjustment; and (3) the Actual Cost Adjustment (ACA)

A. Computation of Gas Charge Adjustment.

The Company shall compute the jurisdictional Gas Charge Adjustment at such time that the Company determines that there is a significant change in its Gas Costs.

1. Formulas. The following formulas shall be used to compute the Gas Charge

$$\text{Firm GCA} = \left[\left(\frac{D+DACA}{SF} \right) - DB \right] + \left[\left(\frac{P+T+SR \pm CACA}{ST} \right) - CB \right]$$

$$\text{Non -Firm GCA} = \left(\frac{P+T+SR \pm CACA}{ST} \right) - CB$$

PURCHASED GAS ADJUSTMENT PROVISION (Continued)

2. Definitions of Formula Components.

GCA	=	The Gas Charge Adjustment in dollars per CCF/Therm, rounded to no more than five decimal places
D	=	The sum of all fixed Gas Costs.
DACA	=	The demand portion of the ACA
P	=	The sum of all commodity/gas charges.
T	=	The sum of all transportation charges.
SR	=	The sum of all FERC approved surcharges
CACA	=	The commodity portion of the ACA
DB	=	The per unit rate of demand costs or other fixed charges included in base rates in the most recently completed general rate case (which may be zero if the Company so elects and the Authority so approves).
CB	=	The per unit rate of variable Gas Costs included in base rates in the most recently completed general rate case (which may be zero if the Company so elects and the Authority so approves)
SF	=	Firm sales
ST	=	Total sales

3. Determination of Factors for Gas Charge Adjustment.

a Demand Charges (Factor D)

All fixed Gas Costs that do not vary with the amount of gas purchased or transported, including, but not limited to, the product resulting from the multiplication of (1) the respective Demand Billing Determinants by (2) the demand rates effective the first day of the Filing Month and (3) any fixed storage charges.

b Demand Actual Cost Adjustment (Factor DACA)

See Subsection C of Section III

PURCHASED GAS ADJUSTMENT PROVISION (Continued)

c Purchased Commodity Charges (Factor P)

All commodity or other variable gas costs associated with the amount of gas purchased or transported including, but not limited to, the product resulting from the multiplication of (1) the respective Commodity Billing Determinants by (2) the respective supplier's commodity/gas rate which are known, or if not known which are reasonably anticipated, to be in effect on the first day of the Filing Month.

d Transportation Charge (Factor T)

The transportation charges actually invoiced to the Company during the Computation Period or expected to be invoiced to the Company during the current period.

e FERC Approved Surcharges (Factor SR)

The sum of all FERC approved surcharges, including gas inventory charges or its equivalent, actually invoiced or expected to be invoiced to the Company during the Computation Period or to be effective the first day of the Filing Month by respective Suppliers

f. Annual Cost Adjustment (Factor ACA)

See Subsection C of Section III

g Firm Sales (Factor SF)

Total volumes billed to the Company's firm ~~customers~~Customers during the Computation Period, regardless of source, adjusted for known and measurable changes

h Total Sales (Factor ST)

Total volumes billed to all the Company's ~~customers~~Customers during the Computation Period, regardless of source, adjusted for known measurable changes

4. Modification of Formulas.

The formulas set forth above are not designed for use with two-part demand/commodity rate schedules; therefore, the formulas may be modified for use with such rate schedules. In addition, the formulas may be modified from time to time to carry out the intent of this PGA Rider Any amendment to the formulas shall be effective on the proposed effective date of the amendment unless the Authority shall act to suspend the proposed amendment within thirty days after the filing of the proposed amendment, in which case the proposed amendment shall be subject to notice and hearing

PURCHASED GAS ADJUSTMENT PROVISION (Continued)

5. Filing with the Authority.

The computation of the Gas Charge Adjustment shall be filed in accordance with the notice requirements specified in Subsection C of Section I of this Rider, and shall remain in effect until a revised Gas Charge Adjustment is computed and filed pursuant to this Rider

The Company shall file with the Authority a transmittal letter, an exhibit showing the computation of the Gas Charge Adjustment, a PGA tariff sheet, and any applicable revised tariff sheets issued by Suppliers

The transmittal letter shall state the PGA tariff sheet number, the service area(s), the primary reasons for revision, and the effective date

If the Company proposes to recover any Gas Costs relating to (1) any payments to an affiliate or (2) any payments to a non-affiliate for emergency gas, over-run charges, take-or-pay charges, and take-and-pay charges (except as provided below) or (3) the payment of any demand or fixed charges in connection with an increase in contract demand, the Company must file with the Authority a statement setting forth the reasons why such charges were incurred and sufficient information to permit the Authority to determine if such payments were prudently made under the conditions which existed at the time the purchase decisions were made

Any filing of a rate change under this Rider shall be effective on the proposed effective date unless the Authority shall act to suspend the proposed change within thirty days after the filing, in which case the filing shall be subject to notice and hearing

The recovery of pipeline take-or-pay charges which were the subject of Docket No. U-87-7590 shall continue to be handled under procedures approved by this Authority in that docket until such time as such procedures may be modified or amended by further order of the Authority

B. Refund Adjustment.

The Refund Adjustment shall be separately stated for firm and non-firm ~~customers~~Customers, and may be either positive or negative.

1. Computation of Refund Adjustment

The Company shall compute a Refund Adjustment on the last day of each calendar quarter using the following formulas :

$$Firm RA = \left(\frac{DR1-DR2}{SFR} \right) + \left(\frac{CR1-CR2 \pm CR3 \pm i}{STR} \right) - CB]$$

$$Non - Firm RA = \left(\frac{CR1-CR2 \pm CR3 \pm i}{STR} \right)$$

PURCHASED GAS ADJUSTMENT PROVISION (Continued)

2. Definitions of Formula Components.

RA	=	The Refund Adjustment in dollars per CCF/therm, rounded to no more than five decimal places
DRI	=	Demand refund not included in a currently effective Refund Adjustment, and received from Suppliers by check, wire transfer, or credit memo
DR2	=	A demand surcharge from a Supplier not includable in the Gas Charge Adjustment, and not included in a currently effective Refund Adjustment.
<u>CR1</u>	=	Commodity refund not included in a currently effective Refund Adjustment, and received from Suppliers by check, wire transfer, or credit memo
CR2	=	A commodity surcharge from a supplier not includable in the Gas Charge Adjustment, and not included in a currently effective Refund Adjustment.
CR3	=	The residual balance of an expired Refund Adjustment.
1	=	Interest on the "-Refund Due Customers' Account," using the average monthly balance based on the beginning and ending monthly balances. The interest rates for each calendar quarter used to compute such interest shall be a rate 2% below the arithmetic mean (to the nearest one-hundredth of one percent) of the prime rate value published in the "Federal Reserve Bulletin" or in the Federal Reserve's "-Selected Interest Rates" for the 4th, 3rd, and 2nd months preceding the 1st month of the calendar quarter
SFR	=	Firm sales as defined in the Gas Charge Adjustment computation, less sales under a transportation or negotiated rate schedule.
STR	=	Total sales as defined in the Gas Charge Adjustment computation, less sales under a transportation or negotiated rate schedule

3. Modification of Formula.

The formulas set forth above are not designed for use with two-part demand/commodity rate schedules, therefore, the formulas may be modified for use with such rate schedules. In addition, the formulas may be modified from time to time to carry out the intent of this PGA Rider. Any amendment to the formulas shall be effective on the proposed effective date of the amendment unless the Authority shall act to suspend the proposed amendment within thirty days after the filing of the proposed amendment, in which case the proposed amendment shall be subject to notice and hearing.

PURCHASED GAS ADJUSTMENT PROVISION (Continued)**4. Filing with the Authority.**

The computation of the Refund Adjustment shall be filed in accordance with the notice requirements specified in Subsection C of Section I this Rider, and shall remain in effect for a period of twelve (12) months or for such longer or shorter period of time as required to appropriately refund the applicable refund amount

The Company shall file with the Authority a transmittal letter, exhibits showing the computation of the Refund Adjustment and interest calculations, and a PGA tariff sheet. The transmittal letter shall state the PGA tariff sheet number, the service area(s), the reason for adjustment, and the effective date. Should the Company have a Gas Charge Adjustment filing to become effective the same date as a Refund Adjustment, a separate transmittal letter and PGA tariff sheet shall not be necessary

C. Actual Cost Adjustment.

Commencing with the initial effective date of this Rider, the Company shall calculate the ACA monthly. The Company may, at its option, file monthly to include the ACA in its calculation of the Gas Charge Adjustment but shall be required to do so at least annually. The ACA shall be the difference between (1) revenues billed ~~customers~~ Customers by means of the Gas Charge Adjustment and (2) the cost of gas invoiced the Company by Suppliers plus margin loss (if allowed by order of the Authority in another docket) as reflected in the Deferred Gas Cost account. The balance of said account shall be adjusted for interest at the rate provided for the calculation of interest with respect to the Refund Adjustment. The ACA shall be segregated into demand and commodity, and shall be added to or deducted from, as appropriate, the respective demand and commodity costs included in the Gas Charge Adjustment. Supplemental sheets showing the calculations of margin losses and cost savings shall also be provided

D. Adjustments to Prior Period ACAs.

In the event that circumstances warrant a correction to or restatement of a prior period ACA, such correction or restatement shall be made in accordance with the ACA calculation in effect for the time period(s) to which the correction or restatement relates. The resulting adjustment shall then be added to or deducted from the appropriate ACA in the next ensuing ACA filing with the Authority

E. Annual Filing with the Authority.

Each year, the Company shall file with the Authority an annual report reflecting the transactions in the Deferred Gas Cost Account. Unless the Authority provides written notification to the Company within 180 days, the Deferred Gas Cost Adjustment Account shall be deemed in compliance with the provisions of this Rider.

IV. GAS COST ACCOUNTING

To appropriately match revenues with cost of purchased gas as contemplated under this rule, the Company shall originally record the cost of purchased gas in a "Deferred Gas Cost" account. Monthly the Company shall debit "Natural Gas Purchases" with an amount equal to any gas cost component included in the Company's base tariff rates (base rate) plus the PGA rate, as calculated hereunder, multiplied by the appropriate sales volumes billed to ~~customers~~ Customers. The corresponding monthly credit entry shall be made to the "Deferred Gas Cost" account.

CURRENT LEVEL OF APPLICABLE TAXES

APPLICABILITY

This Schedule shall be applicable to all Rate Schedules and to each ~~customer~~Customer rendered gas service thereunder except for those ~~customers~~Customers qualifying for specific exemption. A copy of the appropriate State approved exemption certificate form shall be filed with the Company in order to qualify for exemption.

BILLING

The taxes due under this Schedule shall be included in the monthly bill for service rendered and shall be considered as an integral part of the total monthly bill due.

APPLICABLE TAXES

CITY OF CLEVELAND FRANCHISE TAX

This Tax shall be billed at the rate of 2% on the Cleveland Division ~~customers~~Customers subject to the Tax.

STATE OF TENNESSEE SALES TAX

This Tax shall be billed as follows:

Residential - Tax Exempt Effective July 1, 1985

Multi-Family Housing Service - Billed at rate of 7%

Commercial and Industrial - Billed at rate of 7% unless ~~customer~~Customer qualifies for special 1 1/2% rate or total exemption.

SCHEDULE FOR LIMITING AND CURTAILING GAS SERVICE

ORDER OF PRIORITIES

All Gas Service rendered by the Company, by Tariff or Contract, is subject to limitation as to annual, monthly, and daily volumes allowed and is further subject to curtailment in the event that the Company's gas supply is not adequate to meet the demands of the Company's Gas Service customers due to pipeline supplier curtailments, emergency requirements, or storage requirements for protection of firm service and system integrity. All Interruptible Transportation Service rendered by the Company, by Tariff or Contract, is subject to limitation by annual, monthly, and daily volumes allowed and is further subject to curtailment in the event that the Transportation Service customer's gas supply is curtailed by its transportation gas supplier, in the event the Company's pipeline capacity or system operating conditions are not adequate to meet the demands of the Transportation Service customer or in the event the transporting interstate pipeline curtails its transportation service to the Transportation Service customer plus any other emergency which requires the Company to curtail the transportation service in order to protect its system operations and integrity.

Company shall promptly notify each Affected Customer of its Curtailment Period Quantity Entitlement and the Curtailment Period during which it will apply. Company may modify announced Curtailment Period Quantity Entitlements if conditions so require. Insofar as practical under existing conditions, Gas Service and Interruptible Transportation Service will be curtailed in accordance with the provisions stated above and in the order of priorities set forth below beginning with Interruptible Transportation Service and then descending as required.

- 1 — All Interruptible Transportation Service *
- 2 — All Interruptible Service *
- 3 — Large Industrial Firm Boiler Fuel *
- 4 — Large Industrial Firm (300 MCF or more per day) *
- * Priorities 1, 2, 3 and 4 above will each be subdivided by customer size as follows:
 - (a) — 10,000 MCF or more per day
 - (b) — 3,000 MCF or more per day
 - (c) — 1,500 MCF or more per day
 - (d) — 300 MCF or more per day
 - (e) — Less than 300 MCF per day
- 5 — Large Industrial Firm (50 MCF or more per day but less than 300 MCF per day)
- 6 — Large Commercial (50 MCF or more per day) Excluding Apartment Buildings.
- 7 — Small Commercial and Industrial (Less than 50 MCF per day) Excluding Apartment Buildings
- 8 — Schools and Hospitals on Firm Service
- 9 Public Housing Authorities and Residential Customers Including Apartment Buildings

Notwithstanding the provisions of this paragraph, the Company shall not be liable for any damages that may result to customers or any other person, firm or corporation by reason of the Company's limiting annual, monthly, or daily volumes or by curtailing gas service in accordance with the above order of priorities which may be deemed practicable under existing conditions by Company. Company will make every reasonable effort to deliver plant protection volumes to firm industrial customers sufficient to prevent damage to facilities or danger to personnel. This includes the protection of such material in process as would otherwise be destroyed, but does not include deliveries required to maintain plant production.

SUPPLY OR CAPACITY RELATED CURTAILMENTS

In situations when supply and capacity services contracted by the Company are not sufficient to meet the full requirements of Customers desiring sales services from the Company, the Company will first curtail service to interruptible sales and transportation Customers by priority of their margin contribution to the

Company. Customers receiving discounted sales or transportation service will also be curtailed according to the discounted rates. In the event that further interruption is required, the Company will proceed with curtailment by margin contribution considering end use, impact on the local economy, and The Rules, Regulations, and Orders of the TRA and Laws of the State of Tennessee.

The Company will curtail interruptible gas service to the Customers under this schedule in order to prevent a shortage of gas for the use of Customers under the Company's other rate schedules and to prevent Customers being served under other rate schedules being adversely affected as the result of gas being delivered under this rate schedule at a prices that is below current costs

EMERGENCY SERVICE

The Company will make every reasonable effort to deliver plant protection volumes to industrial and commercial Customers that do not have standby fuel systems sufficient to prevent damage to facilities or danger to personnel, or to Customers that find it impossible to continue operations on the Customer's standby or alternate energy source as a result of a bona fide existing or threatened emergency. This includes the protection of such existing material in process that would otherwise be destroyed, or deliveries required to maintain plant production. All emergency gas service is of a discretionary nature and implies no present or future obligation of the Company to any Customer to provide such service on either a temporary or continuing basis. Deliveries of gas hereunder shall be made pursuant only to advance operating arrangements between the Company's authorized personnel and the Customer and shall be subject to curtailment and interruption at any time should the Company deem it necessary.

ECONOMIC CURTAILMENT

Service to interruptible sales service Customers may be curtailed in the event that continuing such service could adversely affect the Customers being served under the Firm Sales Service Rate Schedules as the result of the interruptible PGA being below current costs.

LIMITING FIRM GAS SERVICE

Large commercial and industrial firm gas service entitlements shall at all times be limited by contract as to annual, monthly, and daily volumes. Contract amounts as to annual, monthly, and daily volumes are subject to change by Company as supply conditions or ~~customer~~ Customer consumption patterns warrant. Any quantity of gas exceeding specified contract amounts taken by Customer without Company's advance written approval will be subject to unauthorized over-run penalty as prescribed below

UNAUTHORIZED OVER-RUN PENALTY

If at any time a Customer exceeds specified contract entitlements or if, during any Curtailment Period, any Affected Customer takes, without Company's advance written approval, a volume of natural gas in excess of the Curtailment Period Quantity Entitlement applicable to such Customer, said volume shall constitute unauthorized over-run volume. Such unauthorized over-run volume taken by such Customer, shall be paid for by the Customer at the greater of the rate of (1.) \$15.00 per MCF Dth or ~~\$1.50 per Therm or an amount equal to~~ (2.) the actual cost incurred by the Company to include average daily index on curtailment days plus \$5.00 per Dth and all applicable pipeline and/or gas supplier penalties and/or charges because of the Customer's failure to comply with a curtailment order as directed by the Company. These additional charges shall be in addition to all other charges payable under this Rate Schedule. ~~The Company may waive any such additional charges for unauthorized use of gas or transportation service if its cost of gas purchased or produced and/or its gas service to any other of the Company's Customers was not affected by such unauthorized use by the Customer.~~ The payment of a penalty for unauthorized over-run shall not under any circumstances be considered as giving any such Customer the right to take unauthorized over-run, nor shall such payment be considered as a substitute for any other remedies available to Company or any other Customer against the offending Customer for failure to adhere to its obligations under the provisions of this Schedule. ~~This penalty provision applies only to large commercial and industrial Customers whose consumption is 50 MCF or more per day. Unauthorized over-run collections will be accounted for in the Actual Cost Adjustment in a manner consistent with TRA Administrative Rule 1220-4-7.~~

CHATTANOOGA GAS COMPANY
GAS TARIFF
TRA NO.1

ISSUED OCTOBER 11, 2004
ISSUED BY STEVE LINDSEY, VP
~~ISSUED: OCTOBER 12, 1998~~

EFFECTIVE: OCTOBER 1, 2004

~~EFFECTIVE NOVEMBER 1, 1998~~

CURRENT LEVEL OF PURCHASED GAS ADJUSTMENT (IN DOLLARS PER Dth)

-						
-						
-						
<u>Effective Date</u>	<u>I-1</u>	<u>I-1</u>	<u>* L-1</u>	<u>T-2 Demand</u>	<u>V-1</u>	<u>All Other</u>
<u>BASE PGA</u>	<u>Demand</u>	<u>Commodity</u>	<u>Commodity</u>		<u>Commodity</u>	<u>Commodity</u>
<u>RATES Per Dth</u>						
<u>10/01/2004 a/</u>	<u>\$6.7896</u>	<u>\$7.0454</u>	<u>\$7.6894</u>	<u>\$6 7896</u>	<u>\$7 2686</u>	<u>\$8 4869</u>
-						
<u>Adjustment</u>						
<u>Effective:</u>						

-						
-						
<u>Current PGA</u>						
<u>Rate</u>	<u>\$6 7896</u>	<u>\$7 0454</u>	<u>\$7 6894</u>	<u>\$6 7896</u>	<u>\$7 2686</u>	<u>\$8.4869</u>
<u>a/ PGA effective June 1, 2004.</u>						

*The L-1 commodity rate shall also be applicable to the air conditioning rate for rate schedules R-1, R-4 AND C-1

CURRENT LEVEL OF SURCHARGES AND REFUND CREDITS

AMOUNTS INDICATED BELOW APPLY TO THE BILLING
DETERMINANTS
OF EACH INDIVIDUAL TARIFF

	<u>I-1</u>	<u>I-1</u>	<u>L-1</u>	<u>T-1</u>	<u>T-2</u>	<u>T-2</u>	<u>All</u>		
<u>RATES</u>	<u>Demand</u>	<u>Commodity</u>	<u>Commodity</u>	<u>Commodity</u>	<u>Demand</u>	<u>Commodity</u>	<u>Other</u>	<u>A/C</u>	<u>V-1</u>
<u>Billing</u>	<u>Dth</u>	<u>Dth</u>	<u>Dth</u>	<u>Dth</u>	<u>Dth</u>	<u>Dth</u>	<u>Therm</u>	<u>Therm</u>	<u>Therm</u>
<u>Unit</u>									
	-	-	-	-	-	-	-	-	-
<u>IMCR</u>									
<u>Refund</u>									
<u>4/1/2004*</u>	<u>(0 8250)</u>	<u>0 0000</u>	<u>0 0000</u>	<u>0 0000</u>	<u>(0 8250)</u>	<u>0 0000</u>	<u>(0 0173)</u>	<u>0 0000</u>	<u>0 0000</u>
<u>ACA 02-03</u>									
<u>**</u>	<u>(0 8830)</u>	<u>0 1083</u>	<u>0 1083</u>	<u>0 0000</u>	<u>(0 8830)</u>	<u>0 0000</u>	<u>(0 0086)</u>	<u>0 0108</u>	<u>0 0000</u>
<u>TOTAL</u>	<u>(1 7080)</u>	<u>0 1083</u>	<u>0 1083</u>	<u>0 0000</u>	<u>(1 7080)</u>	<u>0 0000</u>	<u>(0 0259)</u>	<u>0 0108</u>	<u>0 0000</u>

*IMCR refund made effective July 1, 2003 terminated Effective March 31, 2004 Un-refunded balance as of 12/31/2003 is included in IMCR Refund Credit effective 4/1/2004

**ACA02-03 Effective October 1, 2003 for a period of 12 months or shorter as may be required

PERFORMANCE-BASED RATEMAKING

APPLICABILITY

This Performance-Based Ratemaking Mechanism (PBRM) is designed to encourage the utility to maximize its gas purchasing activities at minimum cost consistent with efficient operations and service reliability. Each plan year will begin July 1. The annual provision and filings herein will apply to this annual period. The PBRM will continue until it is either (a) terminated at the end of a plan year or by not less than 90 days notice by the Company to the Authority or (b) modified, amended or terminated by the Authority.

~~Overview of Structure~~

OVERVIEW OF STRUCTURE

The Performance-Based Ratemaking Mechanism establishes predefined monthly benchmark indexes to which the Company's commodity cost is compared.

~~Benchmark Index~~

BENCHMARK INDEX

Each month, Chattanooga Gas Company (Company / Chattanooga) will compare its actual commodity cost of gas to the appropriate benchmark amount. The benchmark gas cost will be computed by multiplying actual purchase quantities for the month, including quantities purchased for injection into storage, by the appropriate benchmark price index.

Spot Market Purchases

The monthly spot market benchmark is the "Index" price published in the first issue of the delivery month of *Inside FERC's Gas Market Report* in the table titled "Price of Spot Gas Delivered to Pipelines," denoted in the column labeled "Index" and the row for the applicable "Pricing Point."

Swing Purchases

For swing purchases, the benchmark "Index" price for gas delivered on any day upon which *Gas Daily* is published, is equal to the Gas Daily-Midpoint price for the immediately following day under the heading "Daily Price Survey." For gas delivered on Saturday, Sunday, or any other day upon which *Gas Daily* is not published, the price index is equal to the Daily-Midpoint for the nearest subsequent day published by *Gas Daily*.

Long-term purchases

For long term purchases, i.e., a term more than one month, the "Index" price published in the first issue of the delivery month of *Inside FERC's Gas Market Report* in the table titled "Price of Spot Gas Delivered to Pipelines" denoted in the column labeled "Index" and the row for the applicable "Pricing Point" will be adjusted for the Company's rolling three-year average premium paid to ensure long-term supply availability during peak periods.

City Gate Purchases

For city gate purchases where gas is delivered by the supplier to the local distribution company, the indexes will be adjusted for the avoided transportation costs that would have been paid if the upstream capacity were purchased versus the demand charges actually paid to the supplier.

PERFORMANCE-BASED RATEMAKING (Continued)

~~Prudence Determination~~ **PRUDENCE DETERMINATION**

If Chattanooga's total commodity gas cost for the plan year does not exceed the total benchmark amount by one percentage point (1%) for a plan year ending after June 30, 2000, Chattanooga's gas cost will be deemed prudent and the audit required by Tennessee Regulatory Authority's Administrative Rule 1220-4-7-. 05 is waived. If during any month of the plan year, the Company's commodity gas cost ~~exceeds~~ exceeds the benchmark amount by greater than two percentage points (2%), the Company shall file a report with the Authority fully explaining why the cost exceeded the benchmark.

~~Filing with the Authority~~ **FILING WITH THE AUTHORITY**

The Company will file an annual report not later than 60 days following the end of each plan year identifying the actual cost of gas purchased and the applicable index for each month of the plan year.

Unless the Authority provides written notification to the Company within 180 days of such reports, the annual filing shall be deemed in compliance with the provisions of this Service Schedule.

~~Periodic Index Revisions~~

PERIODIC INDEX REVISIONS

Because of changes in the natural gas marketplace, the price indices used by Chattanooga; and the composition of Chattanooga's purchased gas portfolio may change. The Company shall, within 30 days of identifying a change to a significant component of the mechanism, provide notice of such change to the Authority. Unless the Authority provides written notice to Chattanooga within 30 days of the Company's notice to the Authority, the price indices shall be deemed approved as proposed by the Company.

ISSUED: OCTOBER 11, 2004

EFFECTIVE: OCTOBER 1, 2004

ISSUED BY STEVE LINDSEY, VP

ISSUED 2001 BY: McLaughlin, President

EFFECTIVE August 9, 2001

ISSUED July 9,

CHATTANOOGA GAS COMPANY

2207 OLAN MILLS DRIVE

CHATTANOOGA, TENNESSEE 37421

TRA NO. 2

RULES AND REGULATIONS FOR THE COMPANY'S GAS SERVICE

**IN
HAMILTON AND BRADLEY COUNTIES,
TENNESSEECHATTANOOGA GAS COMPANY**

**SUMMARY OF TPSC NO.2 RULES AND REGULATIONS
CHANGES**

EFFECTIVE DATE: OCTOBER 1, 2004



Chattanooga Gas

APPLICABILITY

These rules and regulations are applicable to ~~consumers~~ Customers served by the Chattanooga Gas Company (Company) within the Certificated areas in Bradley and Hamilton Counties.

DEFINITIONS

As herein used:

"Applicant" means any person who has made application to Company for gas service.

Authority means the Tennessee Regulatory Authority

~~"Company"~~ BTU means ~~Chattanooga Gas Company~~ means British Thermal Unit measured at a pressure of 14.73 PSIA at 60 degrees Fahrenheit on a dry basis

Business Day means any day from Monday through Friday inclusive, excluding any holiday observed by the Company

Citygate means a point at which the facilities of an interstate pipeline company interconnect with the facilities of the Company

Commercial Service applies to Customers engaged in selling, warehousing, or distributing a commodity, in some business activity or in a profession, or in some other form of economic or social activity (office, stores, clubs, hotels, etc), and to service which does not directly come in one of the other classifications of service

Company means Chattanooga Gas Company.

"Consumer"
— or
"Customer" means an individual, firm, or organization who purchases service at one or location under one rate classification contract

~~"Residential Service"~~ Dekatherm (Dt or Dth) applies to consumers supplied for residential purposes on an individual basis in a single family dwelling or building, or in an individual flat or apartment in a multiple family dwelling or building or portion thereof occupied as the home, residence or sleeping place of one or more persons.
means 10 Therms or one million Btus (1MMBtus).

~~"Commercial Distribution Service"~~ applies to consumers engaged in selling, warehousing, or distributing a commodity, in some business activity or in a profession, or in some other form of economic or social activity (office, stores, clubs, hotels, etc.), and to service which does not directly come in one of the other classifications of service. means the delivery of Natural Gas by and through the Intrastate facilities of the Company, regardless of the identity of the party who has title to the Natural Gas.

~~"Industrial Service"~~ Distribution applies to consumers engaged in a process which creates or changes raw or unfinished materials into another form or product. (Factories,

CHATTANOOGA GAS COMPANY
RULES & REGULATIONS
TRA NO. 2

SECOND THIRD REVISED SHEET NO. 1

System

~~mills, machine shop, mines, oil wells, refineries, pumping plants, creameries, canning or packing plants, shipyards, etc., i e., in extractive, fabricating or processing activities.)~~ means the gas pipes owned and operated by the Company for the distribution of gas for delivery to Customers up to but not beyond the point of delivery.

~~"Distribution~~
~~System"~~Firm Customer

~~means the gas pipes owned and operated by the Company for the distribution of gas for delivery to consumers up to but not beyond the point of delivery.~~ means a Customer who purchases a Gas Service on a Firm basis.

~~"Main"~~Firm Service

~~means the gas pipe other than service line.~~ means a type of Gas Service that ordinarily is not subject to interruption or curtailment.

ISSUED. OCTOBER 11, 2004
ISSUED BY: STEVE LINDSEY, VP
~~Issued By: Harrison F. Thompson~~
~~Issued On: February 2, 2000~~

EFFECTIVE. OCTOBER 1, 2004

~~Effective: June 2, 1999~~

DEFINITIONS (Continued)

<u>"Point of Delivery" Gas or Natural Gas</u>	means the outgoing side of the meter(s) or regulator(s) installed and maintained by the Company for the purpose of measuring gas delivered to consumer. <u>means any mixture of hydrocarbons or of hydrocarbons and noncombustible gases in a gaseous state, consisting predominantly of methane</u>
<u>"Service" Gas Day</u>	means gas service. <u>means the period of 24 consecutive hours beginning at 10:00 a.m., Standard time.</u>
<u>Gas Service</u>	<u>means any service offered in connection with the delivery or sale of Gas</u>
<u>Imbalance</u>	<u>mean the difference at any time, whether positive or negative, between the volumes of Gas received into a Pool by or on behalf of a Customer and the volumes of Gas delivered by the Company on behalf of such Customer</u>
<u>Industrial Service</u>	<u>applies to Customers engaged in a process which creates or changes raw or unfinished materials into another form or product (Factories, mills, machine shop, mines, oil wells, refineries, pumping plants, creameries, canning or packing plants, shipyards, etc., i.e., in extractive, fabricating or processing activities)</u>
<u>Interruptible Customer</u>	<u>means a Customer who purchases a Gas Service on an Interruptible basis.</u>
<u>Interruptible Schedule</u>	<u>means each of the Company's Rate Schedules or contracts under which Gas Service is provided on an Interruptible basis.</u>
<u>Interruptible</u>	<u>means a type of Gas Service that is subject to interruption or curtailment</u>
<u>LNG</u>	<u>means Liquefied Natural Gas</u>
<u>Main</u>	<u>means the gas pipe other than Service Line</u>
<u>Month</u>	<u>means the period beginning on the first Day of a calendar month and ending on the beginning of the first Day of the next succeeding calendar month</u>
<u>Person</u>	<u>means any corporation, whether public or private; company; individual; firm, partnership, or association</u>
<u>PGA Rider</u>	<u>means the Company's Purchased Gas Adjustment Rider</u>
<u>PSIA</u>	<u>means pounds per square inch absolute</u>
<u>Residence</u>	<u>means a parcel or tract of land upon which a residence, building, structure, or other facility containing a particular set of gas-consuming appliances is located</u>
<u>Residential Service</u>	<u>applies to Customers supplied for residential purposes on an individual basis in a single family dwelling or building, or in an individual flat or apartment in a multiple family dwelling or building or portion thereof occupied as the home, residence or sleeping place of one or more persons</u>
<u>SNG or Southern</u>	<u>means Southern Natural Gas Company</u>
<u>Tariff</u>	<u>means all Rate Schedules, Terms of Service, and Rules and Regulations approved by the Authority relative to Gas Service provided by the Company.</u>
<u>Tennessee Pipeline</u>	<u>means Tennessee Gas Pipeline Company</u>
<u>Therm</u>	<u>means 100,000 Btus</u>

CHATTANOOGA GAS COMPANY
RULES & REGULATIONS
TRA NO 2

~~SECOND~~THIRD REVISED SHEET NO. 2

~~Issued By Harrison F Thompson~~ ~~Effective June 2, 1999~~

~~Issued On February 2, 2000~~ ISSUED OCTOBER 11, 2004

~~ISSUED BY STEVE LINDSEY, VP~~

EFFECTIVE OCTOBER 1, 2004

DEFINITIONS (Continued)

<u>Point of Delivery</u>	<u>means the outgoing side of the meter(s) or regulator(s) installed and maintained by the Company for the purpose of measuring gas delivered to Customer.</u>
<u>Service</u>	<u>means gas service</u>
"Special Contract"	means a contract for service <u>Service</u> on forms furnished by the Company
"Service Stub"	means gas pipe laid from main to consumer's <u>Customer's</u> property line
"Service Line"	means the gas pipe laid from consumer's <u>Customer's</u> line to point <u>Point</u> of delivery <u>Delivery</u>

APPLICATION FOR SERVICE

Service will be rendered by the Company upon application by the ~~consumer~~Customer for service and the acceptance thereof by the Company

Company will make extensions of its distribution system pursuant to the provisions hereinafter set forth.

RESIDENTIAL MAIN AND SERVICE EXTENSIONS

Service lines and distribution mains necessary to furnish permanent service to Applicants for Residential Service within established service areas of the Company will be constructed by the Company in accordance with the following provisions:

A Definitions

- (1) Approach Main - main constructed outside the property boundaries of the development or premises of the Applicant for which gas service is requested
- (2) Project Main - main constructed within the property boundaries of the development or premises of the Applicant for which gas service is requested
- (3) Gas Consumption Bulletin - a bulletin showing the estimated annual consumption of various gas appliances by residential ~~customers~~Customers as determined from time to time by the Company
- (4) Infill Potential - the estimated additional gas loads that will be served from the Approach Main at locations outside the development or premises for which gas service is requested

CHATTANOOGA GAS COMPANY
RULES & REGULATIONS

TRA NO 2

~~FIRST~~SECOND REVISED SHEET NO 2A

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

- (5) Revenues - Revenues shall be computed for the estimated annual consumption at the current rates excluding gas cost, other rider and tracker revenues, and any taxes added to the ~~customer's~~Customer's bill.

B. General

The Company will construct, own, operate and maintain gas distribution mains generally along public streets, roads and highways which the Company has the legal right to occupy and, at the Company's election, on public lands and private property across which rights-of-way satisfactory to the Company may be obtained without cost to the Company.

The Company will construct, own, operate and maintain a service line of suitable capacity from its distribution main to the curb or right-of-way line of a public street, highway, road or alley upon which the residential structure to be served faces and abuts at no cost to the Applicant. Additional facilities will be provided pursuant to the following provisions

C Extension of Main and Service

(1) Calculation of Allowable Investment

- a The allowable investment in metering and regulating equipment, main and service line to be made by the Company without contribution or payment by the Applicant shall not exceed the Estimated Annual Revenues from the extension divided by the Levelized Annual Carrying Charge Rate applicable to the investment
- b The Levelized Annual Carrying Charge Rate shall be calculated by using the weighted average cost of capital as determined in the Company's last rate proceeding adjusted for taxes and depreciation required to recover the Company's investment over the expected economic life of the investment as determined from time to time by the Company. These costs will be discounted at the cost of capital
- c The required investment in metering and regulating equipment shall be based on engineering cost estimates as determined by the Company.
- d The cost per foot for service lines and main extensions will be based upon the system wide average unit cost per foot as determined by the Company from the actual installed cost of such service lines and mains for the latest three-year fiscal periods of the Company
- e Estimated Annual Revenues shall be based upon the usage of the appliance that the Applicant has committed contractually to install as shown in the applicable Gas Consumption Bulletin of the Company in Appendix A of the Rules and Regulations at the approved rates of the Company in effect when construction of the extension begins less certain direct expenses (meter reading, billing, etc) and infrastructure expenses (right-of-way crossings, etc) as approved from time to time

Issued By: Harrison F Thompson

~~Issued On: February 2, 2000~~

ISSUED OCTOBER 11, 2004

ISSUED BY: STEVE LINDSEY, VP

~~Effective: June 2, 1999~~

EFFECTIVE: OCTOBER 1, 2004

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

- f. To the extent that the extension required investment in Approach Main, Estimated Annual Revenues may also include Revenues associated with Infill Potential, as hereinafter defined, provided, however, that revenues associated with Infill Potential may not exceed fifty percent (50%) of Project Revenues
- g. "Revenues Associated with Infill Potential" means revenues, adjusted for any additional costs, which, based upon analyses of the Company's extensions for residential service in comparable areas, can be expected within a five year period from the Approach Main in addition to Project Revenues
- h. The economic life factor used in computing the Levelized Annual Carrying Charge Rate hereunder shall be 15 years where natural gas space heating is installed, 10 years where natural gas water heating is installed as the principal gas appliance and 5 years for any other equipment. The Company reserves the right to recognize any conditions that would make the use of a typical economic life factor imprudent

(2) Order of Application

- a. The allowable investment shall be applied in the following order to the equipment and facilities required in the extension. metering and regulating equipment, service line, Project Main, and Approach Main
- b. In the event that the allowable investment is not sufficient to cover the cost of the equipment and facilities required in the extension, the Applicant will be required to pay the excess costs, determined in accordance with the provision of subparagraph (1) above

(3) Limitations

No allowable investment will be made for auxiliary or incidental uses of gas. The Company shall not be required to provide any connection to the Company's system where such connection may have an adverse impact on existing ~~customers~~Customers unless the Authority has prescribed a tariff provision designed to eliminate such adverse impact on existing ~~customers~~Customers

(4) Length and Location

- a. The length of main required for a main extension or the length of service line will

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

be considered as the distance along the shortest practical route, as determined by the Company, from the Company's nearest distribution main capable, in the opinion of the Company, of properly supplying the Applicant. Irrespective of the total allowable investment, the Company shall not be required to extend a main or service line a greater distance than necessary in the judgment of the Company to serve an Applicant.

- b The service line shall be of the size and type required to supply the principal requirements of the premises served, and shall extend from the curb to the first reasonably acceptable meter location as determined by the Company.
- c. Company reserves the right to designate the locations and specifications for the main taps, service lines, curb cocks, meters and regulators and to determine the amount of space which must be left unobstructed for the installation and maintenance thereof. Applicant may request an alteration of such designation and, if consented to by the Company, the cost of such revised designation in excess of the cost of the original Company design shall be borne by the Applicant regardless of whether the length of service line laid as requested by Applicant comes within the allowable investment provided in this rule.

(5) Extensions Beyond the Free Length

a Payment Provisions

Extensions of mains or service lines beyond the allowable investment will be made by the Company provided that the Applicant pays to the Company the excess cost of such main or service lines. Such payment may be made over 36 months provided that the Applicant executes an appropriate finance agreement with the Company. Interest on unpaid balances shall accrue from the date construction is completed at a rate equal to the then existing prime rate (as defined in the Money Rates Section of the Wall Street Journal) plus 3 percent. The interest rate shall be adjusted on the 1st day of April of each succeeding year to the then existing prime rate plus 3 percent.

b Adjustment of Allowable Investment and Payments

- (i) A survey will be made by the Company within one year after service is commenced to a Customer at a particular residential unit and in any event within three years after the date of completion of the main extension to determine the appliances or equipment in use at the development or premises of the Applicant served by the extension.
- (ii) If, based upon the appliances or equipment found to be in use, there is a lesser allowable investment than that originally granted and a payment is

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

required in addition to any prior payment by the Applicant, such additional payment shall be paid by the Applicant.

- (iii) The Company may grant a reasonable extension of time for the Applicant to install the appliances or equipment originally agreed upon, provided that the failure to install such appliances or equipment was due to reasons beyond the control of the Applicant

c. No Refund of Payments

There will be no refunds associated with any payments, contributions or advances hereunder

d One Service Line for a Single Premises

The Company will not install more than one service line to supply the premises of an individual ~~customer~~Customer unless for the convenience of the Company or an Applicant requests an additional service line and, in the judgment of the Company, an unreasonable burden would be placed on the Applicant if the additional service line were not installed. When an additional service line is installed under these conditions at the Applicant's request, the Applicant shall pay for the entire length of said additional service line, meter and regulating equipment at the costs provided in subparagraph C (1) above

e. Relocation of Service

- (i) When in the judgment of the Company the relocation of a service line, including metering and regulating facilities, is necessary to maintain adequate service or for the operating convenience of the Company, the Company shall relocate the same at its expense
- (ii) If relocation of a service line, including metering and regulating facilities, is for the convenience of the Applicant or the Customer, such relocation shall be performed by the Company at the expense of the Applicant or the Customer

D Special Conditions

(1) Contracts

The Applicant will be required to execute a contract covering the terms under which the Company will install mains, services, metering and regulating equipment in accordance with the provisions of these Rules and Regulations. The contract will provide that the Applicant will install, commence using in a bona fide manner within six months after the date of the completion of the extension and continue to so use for

~~Issued By: Harrison F. Thompson~~

~~Effective June 2, 1999~~

~~Issued On February 2, 2000~~

ISSUED OCTOBER 11, 2004

EFFECTIVE OCTOBER 1, 2004

ISSUED BY STEVE LINDSEY, VP

CHATTANOOGA GAS COMPANY
RULES & REGULATIONS
TRA NO. 2

~~FIRST~~SECOND REVISED SHEET NO 2E

~~Issued By: Harrison F. Thompson~~

~~Effective: June 2, 1999~~

~~Issued On: February 2, 2000~~

ISSUED OCTOBER 11, 2004

EFFECTIVE OCTOBER 1, 2004

ISSUED BY STEVE LINDSEY, VP

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

a period of five years, those appliances and items on which the Company's allowable investment is based. Such contract will also provide that if the Applicant fails to take service or fails to install one or more of such appliances or items, the Company may calculate and bill the Applicant and the Applicant shall pay an amount according to the Company's residential main and service extension rules in effect at the time the extension was made as if service had been requested on the basis of the actual appliances and equipment installed and utilized. If the Applicant is a developer or builder, the Applicant will install all the appliances on which the extension was based within three years of completion of the total project or shall pay the Company in accordance with the provisions of subparagraph C (5) (b) above.

(2) Periodic Review

The Company will periodically determine the system wide average costs of construction of mains, services and metering and regulating equipment, and publish the average costs on April 1st of each year as Appendix A to this tariff and file those updates with the Tennessee Regulatory Authority with a proposed effective date of three months from the date of filing.

(3) Extension for Temporary Service

Extension for temporary service or for operations which in the Company's opinion are of a questionable permanence will not be made under this rule, but will be made in accordance with the rule pertaining to temporary service.

(4) Service From High Pressure Mains

Service shall be provided from a normal distribution facility of the Company. Company reserves the right, at its sole option, to refuse to extend facilities from any of its lines operating at pressures in excess of 125 pounds.

(5) Title to Facilities

Legal and equitable title to all mains installed by the Company upon which an advance, contribution, or other payment has been made, shall be and remain in the Company, and the Company shall have the right without the consent of, or any refund to, any party who made such advance, contribution, or other payment.

a. To extend the gas main or connect additional gas mains to any part of it

b.b To serve new additional ~~customers~~Customers at any time through service connections attached to such main or to extended or connected gas mains.

~~Issued By Harrison F. Thompson~~

~~Effective June 2, 1999~~

~~Issued On February 2, 2000~~

ISSUED: OCTOBER 11, 2004

EFFECTIVE: OCTOBER 1, 2004

ISSUED BY STEVE LINDSEY, VP

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

(6) Exceptional Cases

In unusual circumstances when the application of this rule appears impractical or unjust to either party as a result of circumstances that result in the actual cost of constructing the facilities being materially different than the average costs specified in (C) above, actual costs may be used to determine the required Customer contribution.. If application of this rule appears impractical or unjust to either party for other reasons the Company or the Applicant may refer the matter to the

RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

Tennessee Regulatory Authority for special ruling thereon prior to commencing construction.

E. Filings with the Authority

Any filings required to be made with the Authority as a result of this rule shall be filed with the Authority on April 1 of each year. In the event the accounting records necessary to make the required filings are not available to the Company prior to the April 1 filing deadline, the Company shall receive an additional 15 days to file upon filing a written extension request with the Authority prior to April 1

NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS

Service lines and distribution mains necessary to furnish permanent service to Applicants for Non-Residential Service within established service areas of the Company will be constructed by the Company in accordance with the following provisions:

A. General

The Company will construct, own, operate and maintain gas distribution mains generally along public streets, roads and highways which the Company has the legal right to occupy and, at the Company's election, on public lands and private property across which rights-of-way satisfactory to the Company may be obtained without cost to the Company.

The Company will construct, own, operate and maintain a service line of suitable capacity from its distribution main to the premises of the Applicant. All such main and service facilities will be provided pursuant to the following provisions:

B. Extension of Main and Service

(1) Calculation of Allowable Investment

- a The allowable investment in metering and regulating equipment, main and service line to be made by the Company without contribution or payment by the Applicant shall not exceed the Estimated Annual Revenues from the extension divided by the Levelized Annual Carrying Charge Rate applicable to the Investment

Issued By: Harrison F. Thompson

Effective: June 2, 1999

Issued On: February 2, 2000

ISSUED OCTOBER 11, 2004

EFFECTIVE OCTOBER 1, 2004

ISSUED BY STEVE LINDSEY, VP

NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

- b. The Levelized Annual Carrying Charge Rate shall be calculated by using the weighted average cost of capital as determined in the Company's last rate proceeding adjusted for taxes and depreciation required to recover the Company's investment over the expected economic life of such investment as determined from time to time by the Company. These costs will be discounted at the Company's cost of capital.
- c. The required investment in metering and regulating equipment shall be based upon engineering cost estimates as determined by the Company.
- d. The cost per foot for service lines and main extensions will be based upon the system wide average unit cost per foot as determined by the Company from the actual installed cost of such service lines and mains for the latest three-year fiscal period of the Company.
- e. The economic life factor used in computing the Levelized Annual Carrying Charge Rate hereunder shall be 15 years for firm service to apartments, office buildings, churches and schools, and ten years to any other firm service including mobile home parks. For interruptible service the economic life factor shall be five years. The Company reserves the right to adjust the economic life factors to recognize any conditions that would make the use of a typical economic life factor imprudent. The economic life of industrial service shall not be greater than the length of gas service contract in years.
- f. Estimated Annual Revenues shall be based upon the contractual commitment of the ~~customer~~Customer for annual consumption at the approved rates of the Company in effect when construction of the extension begins less certain direct expenses (meter reading, billing, etc.) and infrastructure expenses (right-of-way crossings, etc.) as approved from time to time.

(2) Order of Application

- a. The allowable investment shall be applied in the following order to the equipment and facilities required in the extension: metering and regulating equipment, service line, and main.
- b. In the event that the allowable investment is not sufficient to cover the cost of the equipment and facilities required in the extension, the Applicant will be required to pay the excess costs, determined in accordance with the provision of subparagraph (1) above.

NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

(3) Limitations

No allowable investment will be made for auxiliary or incidental uses of gas. The Company shall not be required to provide any connection to the Company's system where such connection may have an adverse impact on existing ~~customers~~Customers unless the Authority has prescribed a tariff provision designed to eliminate such adverse impact on existing ~~customers~~Customers.

(4) Length and Location

- a. The length of main required for a main extension or the length of service line will be considered as the distance along the shortest practical route, as determined by the Company, from the Company's nearest distribution main, capable in the opinion of the Company of properly supplying the Applicant. Irrespective of the total allowable investment, the Company shall not be required to extend a main or service line a greater distance than necessary in the judgment of the Company to serve an Applicant.
- b. The service line shall be of the size and type required to supply the principal requirements of the premises served, and shall extend from the Company's main to the first reasonable acceptable meter location as determined by the Company.
- c. Company reserves the right to designate the locations and specifications for the main taps, service lines, curb cocks, meters and regulators and to determine the amount of space which must be left unobstructed for the installation and maintenance thereof. Applicant may request an alteration of such designation and, if consented to by the Company, the cost of such revised designation in excess of the cost of the original Company design shall be borne by the Applicant regardless of whether the length of service line laid as requested by Applicant comes within the allowable investment provided in this rule. Further, the Company may require Applicant to provide both power and phone lines to the location of such metering facilities.

(5) Extensions Beyond the Free Length

a. Payment Provisions

Extensions of mains or service lines beyond the allowable investment will be made by the Company provided that the Applicant pays to the Company the excess cost of such main or service lines.

~~Issued By Harrison F. Thompson~~

~~Issued On February 2, 2000~~

ISSUED: OCTOBER 11, 2004

ISSUED BY STEVE LINDSEY, VP

~~Effective June 2, 1999~~

EFFECTIVE: OCTOBER 1, 2004

NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

b Adjustment of Allowable Investment and Payments

- (i) Within one year after service is commenced to a ~~customer~~Customer, the Company will determine if the annual usage determined in accordance with Section B (I)~~(I)~~(e) above has been met
- (ii) If, based upon the above determination, there is a lesser allowable investment than that originally granted, and a payment is required in addition to the prior payment by the Applicant, if any, such additional shall be paid by the Applicant
- (iii) The Company may grant a reasonable extension of time for the Applicant to raise annual consumption to the level agreed upon, provided that the failure to reach that level of consumption was due to reasons beyond the control of the Applicant.

c No Refunds of Payments

There will be no refunds associated with any payments, contributions or advances hereunder.

d One Service Line for a Single Premise

The Company will not install more than one service line to supply the premises of an individual ~~customer~~Customer unless for the convenience of the Company or an Applicant requests an additional service line and, in the judgment of the Company, an unreasonable burden would be placed on the Applicant if the additional service line were not installed. When an additional service line is installed under these conditions at the Applicant's request, the Applicant shall pay for the entire length of said additional service line, meter and regulating equipment at the costs provided in subparagraph B (1) above

e Relocation of Service

- (i) When in the judgment of the Company the relocation of a service line, including metering and regulating facilities, is necessary to maintain adequate service or for the operating convenience of the Company, the Company shall relocate the same at its expense
- (ii) If relocation of a service line, including metering and regulating facilities, is for the convenience of the Applicant or the Customer, such relocation shall be performed by the Company at the expense of the Applicant or the Customer

Issued By: Harrison F. Thompson

Effective June 2, 1999

Issued On: February 2, 2000

ISSUED OCTOBER 11, 2004

EFFECTIVE OCTOBER 1, 2004

ISSUED BY STEVE LINDSEY, VP

NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

C Special Conditions

(1) Contracts

The Applicant will be required to execute a contract covering the terms under which the Company will install mains, services, metering and regulating equipment in accordance with the provisions of these Rules and Regulations. The contract will provide that the Applicant will install, commence using in a bona fide manner within six months after the date of the completion of the extension and continue to so use for a period of five years, those appliances and items on which the Company's allowable investment is based. Such contract will also provide that if the Applicant fails to take service or fails to consume sufficient gas to produce the Estimated Annual Revenues, the Company may calculate and bill the Applicant and the Applicant shall pay an amount according to the Company's non-residential main and service extension rules in effect at the time the extension was made as if service had been requested on the basis of the actual equipment installed and utilized.

(2) Periodic Review

The Company will periodically determine the system wide average costs of construction of mains, services, and metering and regulating equipment, and publish the average costs on April 1st of each year as Appendix A to this tariff and file those updates with the Tennessee Regulatory Authority with a proposed effective date of three months from the date of filing.

(3) Extension for Temporary Service

Extension for temporary service or for operations which in the Company's opinion are of a questionable permanence will not be made under this rule, but will be made in accordance with the rule pertaining to temporary service.

(4) Service From High Pressure Mains

Service shall be provided from a normal distribution facility of the Company. Company reserves the right, at its sole option, to refuse to extend facilities from any of its lines operating at pressures in excess of 125 pounds.

(5) Title to Facilities

Legal and equitable title to all mains installed by the Company upon which an advance, contribution, or other payment has been made, shall be and remain in the Company, and the Company shall have the right without the consent of, or any refund to, any party who made such advance, contribution, or other payment.

NON-RESIDENTIAL MAIN AND SERVICE EXTENSIONS - (Continued)

- a. To extend the gas main or connect additional gas mains to any part of it.
- b. To serve new additional ~~customers~~Customers at any time through service connections attached to such main or to extended or connected gas mains

(6) Exceptional Cases

In unusual circumstances when the application of this rule appears impractical or unjust to either party as a result of circumstances that result in the actual cost of constructing the facilities being materially different than the average costs specified in (B) above, actual costs may be used to determine the required Customer contribution If application of this rule appears impractical or unjust to either party for other reasons the Company or the Applicant may refer the matter to the Tennessee Regulatory Authority for special ruling thereon prior to commencing construction

D. Filings with the Authority

Any filings required to be made with the Authority as a result of this rule shall be filed with the Authority on April 1 of each year. In the event the accounting records necessary to make the required filings are not available to the Company prior to the April 1 filing deadline, the Company shall receive an additional 15 days to file upon filing a written extension request with the Authority prior to April 1.

SERVICE LINE

Service lines from the main to the meter will be laid by the Company, and will at all times remain subject to the control of the Company. It is not contemplated that in running service lines the Company will put risers in buildings when meters are set above the first floor, in cases of this kind the Company will run the service line to the ground floor or to the basement, but all expenses through and beyond the first floor foundation wall shall be borne by the ~~customer~~Customer. Service lines will be kept in repair by the Company at its own expense, but any alterations made necessary, such as changing of location, may be done at the ~~customer's~~Customer's expense. The Company does not in any case hold itself responsible for a stoppage, from frost or other cause, of the service lines or house lines. The Company will employ all reasonable means of clearing the lines to the meter, when stopped from any cause. All lines beyond or leading from the meter must be cleared at the ~~customer's~~Customer's expense.

APPARATUS-EASEMENTS

Customer's Lines: All house lines and equipment except the Company's meters and accessories on the ~~customer's~~Customer's side of the point of delivery, necessary to utilize service furnished by the Company, must be installed and maintained by and at the expense of the ~~customer~~Customer. The Customer's lines shall terminate at the point of delivery, in a manner satisfactory to the Company, for connection with the Company's lines or apparatus.

Company Property: All service lines, apparatus, instruments, meters and materials supplied at the expense of the Company shall remain its property, and any other property installed at the expense of the Company, shall belong to the Company

Inspection by Company: The Company is willing to assist the ~~customer~~Customer by advice as to the installation of the ~~customer's~~Customer's apparatus and to examine the ~~customer's~~Customer's installation, and may refuse to make connection or to commence or continue service whenever such installation is not in proper condition; but no inspection by the Company, nor any failure by it to object to the ~~customers~~Customers installation, shall render the Company in any way liable for any damage or injury resulting from any defective installation made by the ~~customer~~Customer.

Right of Way. The ~~customer~~Customer shall make or procure satisfactory conveyance to the Company of right of way for the Company's lines and apparatus across and upon the property owned and controlled by the ~~customer~~Customer, necessary or incidental to the furnishing of service

Installation: For the purpose of determining the amount of gas used, a meter or meters shall be installed and maintained by the Company upon the ~~customer's~~Customer's premises, and, except as to outside locations heretofore or hereafter approved by the Company, the ~~customer~~Customer shall provide free of expense to the Company, near the service entrance, a clean, dry, safe place for the meter and any necessary appurtenant device, which may be furnished by the Company. Where several buildings are supplied on one property, a centralized meter location may be required

Notice to Discontinue: Notice by ~~customer~~Customer to discontinue the supply of gas must be given the Company at least 24 hours in advance. The ~~customer~~Customer will be held responsible for all gas consumed until such notice is given, including a reasonable time for securing the final reading of the meter.

TESTS AND ADJUSTMENTS

The Company, at any time upon the request of the ~~customers~~Customers, will test the meter of such ~~customer~~Customer within five days after receipt of such request, provided the ~~customer~~Customer will accept the result of such test as a basis for the settlement of the ~~customer's~~Customer's account. If any such test shall show the average error of the meter to be less than 2%, the ~~customer~~Customer shall pay the expense of the test, except that where the meter has not been tested at the request of the ~~customer~~Customer within five (5) year period immediately preceding such request, the test will be made without charge to the ~~customer~~Customer. The Company may at any time at its own expense test any of its meters. If on test of a ~~customer's~~Customer's meter, either by the Company or

TESTS AND ADJUSTMENTS (Continued)

by the ~~Commission Authority~~, such meter shall be found to have a percentage of error greater than 2%, the following provisions for the adjustment of bill shall be observed

Fast Meters. When a meter is found to be fast in excess of 2%, the Company shall refund to the ~~customer~~Customer an amount equal to the excess charged for the gas incorrectly metered. The period over which the correction is to be made shall be the time elapsed since the last previous test, provided, however, the period shall not exceed six (6) months. No part of the minimum service charge shall be refunded

Slow Meters. When a meter is found to be slow in excess of 2%, the Company may make a charge to the ~~customer~~Customer for the gas incorrectly metered. The period over which the correction is to be computed shall be the time elapsed since the last previous test, provided, however, the period shall not exceed six (6) months.

Failure to Register. If a meter is found not to register for any period, the Company will estimate and charge for the gas used by averaging the amounts registered over similar periods and under similar conditions preceding or subsequent thereto, or over corresponding periods in previous years

Company's Rights: The properly authorized employees of the Company shall at all times have the right of access to the premises into which gas has been introduced, for the purpose of examining the general service or to read, inspect, test, repair, replace or remove its meter or other equipment, or for such other purposes as may be necessary for the protection of the Company. In case of any willful, intentional, or unnecessary injury to or interference with the meter or any connection made to the house lines or services, the meter at the option of the Company may be removed, the service line cut off, and service discontinued

CUSTOMER SECURITY DEPOSITS

Prior to rendering service, deposits will be required from those residential ~~customers~~Customers whose credit history dictates that a deposit is needed. All other residential ~~customers~~Customers will not be required to provide a deposit

Prior to rendering service, payment security will be required of all commercial and industrial ~~customers~~Customers. Commercial and industrial ~~customers~~Customers shall be given the option of either providing an adequate Cash Deposit, Letter of Credit, Indemnity Bond or a Letter of Guarantee from a financially acceptable parent company

Any deposit which is required to be provided by a ~~customer~~Customer shall only be refunded upon the ~~customer's~~Customer's discontinuation of his service

The Company may require a deposit not more in amount than the maximum charge for two (2) consecutive billing periods.

CUSTOMER SECURITY DEPOSITS (Continued)

Interest shall accrue at the rate of 6% Per Annum. No interest shall accrue on deposits after service has been discontinued

BILLS, PAYMENTS, NON-PAYMENTS

Payment of bills for service rendered must be received by the due date as stated on the ~~customer's~~Customer's bill which shall be approximately twenty-one (21) days from the date billed for cycle billed ~~customers~~Customers and sixteen (16) days from the date billed for end-of-month Multi-Family Housing Service and Large Volume Commercial and Industrial ~~customers~~Customers. The current month's bill for gas service shall be subject to a 5% late payment charge if payment is not received timely

If the ~~customer~~Customer shall fail to pay bill after it has become delinquent, the Company may, seven (7) days after notice to the ~~customer~~Customer, discontinue service and apply any deposit made by the ~~customer~~Customer in liquidation of such bill. Whenever the Company has issued a service suspension notice to a ~~customer~~Customer for non-payment of a gas bill, the Company may make a charge of \$~~30~~50 00 for the re-connection of service, and will require a deposit

Gas Service may be terminated:

- (1) By the ~~Consumer~~Customer.

Unless otherwise provided, gas service may be terminated at any time by giving notice to Company, provided, however, anything contained in the provisions of the Company's TPSC Gas Tariff No. 1, and/or any Agreement for Sale of Gas or Special Contract to the contrary notwithstanding, a non-residential ~~consumer~~Customer shall have the right and privilege which he may exercise any time by giving written notice to Company to terminate gas service if such ~~customer~~Customer shall have discontinued his operations and dismantled his plant, and such cancellation shall relieve ~~customer~~Customer from the obligation to pay such minimum charge, if any, which might have become payable had such gas service not been terminated

- (2) By the Company

Service may be refused or discontinued for any of the reasons listed below. Unless otherwise stated, the Company shall comply with the notice requirements before service is discontinued. However, no service shall be discontinued on the day or a date preceding a day or days on which the services of the Company are not available to the general public for the purpose of reconnecting the discontinued service, except as provided in (a), (b), (c) and (d) below.

- a Without notice in the event of a condition determined by the Company to be hazardous
- b Without notice in the event of ~~customer~~Customer use of equipment in such a manner as to adversely affect the Company's equipment or the Company's service to others.

BILLS, PAYMENTS, NON-PAYMENTS (Continued)

- c Without notice if there is evidence of tampering with the equipment furnished and owned by the Company
- d Without notice if there is evidence of unauthorized use.
- e For violation of and/or non-compliance with the Company's rules on file with and approved by the Authority
- f (For failure of the ~~customer~~Customer to fulfill his contractual obligations for service and/or facilities subject to regulations by the Authority.
- g. For failure of the ~~customer~~Customer to permit the Company reasonable access to its equipment.
- h For non-payment of delinquent account
- i. For failure of the ~~customer~~Customer to provide the Company with deposit as authorized by Rule 1200-4-5 14

Gas service to any gas ~~customer~~Customer may not be terminated by the Company without reasonable prior notice where required and the ~~customer~~Customer being given reasonable opportunity to dispute the reasons for such termination

- (3) It shall be unlawful for any person to obtain or attempt to obtain by use of any fraudulent scheme, device, means or method gas service, with intent to avoid payment of the lawful price, charge or toll therefor, or for any person to cause another to avoid such payment for such service, or for any person to assist another in avoiding payment for gas service, either through the making of multiple applications for service at one address, or otherwise
- (4) Termination of gas service by either ~~consumer~~Customer or Company shall not relieve ~~consumer~~Customer from the obligation to pay Company for services rendered prior to the effective date of such termination

MISCELLANEOUS REGULATIONS

The ~~Consumer~~Customer Agrees:

- (1) To be responsible for all damages to, or loss of, the Company's property located upon his premises, unless occasioned by fire or by the Company's negligence.
- (2) To use gas supplied through Company's meter only; and if such meter is found defective by the Company, the Company may repair or replace same
- (3) It is understood that the Company shall be under no duty to inspect, repair or maintain the service of other lines, connections, equipment or appliances located on the premises of the ~~consumer~~Customer
- (4) Company shall have the right to terminate gas service after reasonable notice has been given for any ~~consumer~~Customer who may be in arrears for a period of seventeen (17) days or longer in paying for gas furnished and/or used by ~~consumer~~Customer at ~~consumer's~~Customer's present or subsequent address, it being understood hereby that said seventeen (17) day period commences on date the bill as above defined was rendered
- (5) There is a charge for seasonal turn-ons and heating light-up service of ~~\$30~~50.00 for Residential Customers and \$45.00 for Commercial and Industrial Customers.
- (6) ~~There is a \$20.00 charge when collector is sent to Customer's premises to collect past due gas bill to avoid turn-off or service for non-payment of a gas bill.~~ Customers may elect seasonal suspension of service instead of seasonal disconnection. If a Customer elects seasonal suspension, the account will remain active and the meter will continue to be read. No bill will be issued until the monthly consumption exceeds 3 Therms per month. The first month that the consumption exceeds 3 Therms the seasonal suspension will be terminated and the Customer will be billed the Monthly Customer Charge for that month, the gas consumed during that month, and the gas consumed during for each month during the seasonal suspension period. The Customer will not be billed the seasonal turn-on and heating light-up service charge.
- (7) There is a \$50.00 ~~30.00~~ charge for reconnection of service where service has been suspended for non-payment of a gas bill
- (8) Service Establishment Charges
 - A. For establishing an account for gas service to a ~~customer~~Customer at a particular premises
 - (1) where there is an existing meter set at such premises installed to serve an occupant of the premises ... \$15 00
 - ~~(+)~~(11) when there is no existing meter set at such premises, or where an existing meter set at such premises has been used only for temporary service to a builder, contractor or developer prior to occupancy of the premises . \$25 00

Issued By Kenneth A Royce

Effective November 1, 1991

Issued On November 1, 1991

ISSUED OCTOBER 11, 2004

EFFECTIVE OCTOBER 1, 2004

ISSUED BY: STEVE LINDSEY, VP

MISCELLANEOUS REGULATIONS (Continued)

- B. The above charges do not apply to restorations of service subject to paragraph (5) or (7) above, nor to temporary service to a builder, contractor or developer prior to occupancy of the premises, nor to a rental unit subject to a contract with the landlord providing that gas service shall continue during periods when the unit is not occupied by a tenant and that the landlord shall be responsible for the payment of bills for gas service until an account is established in the name of a new tenant
- (9) As a convenience to the Customer, the Company may at the Customer's option, receive payment through a third party service provider that processes payment by telephone. The third party service provider may collect directly from the Customer a separate charge for processing the payment
- (10) If the ~~customer~~Customer requests service as stated in (5), (7), and (8) above at times other than the regular office hours of the Company the above stated service charges shall be at one and one-half (1 1/2) times the above stated regular rate.
- (11) There is a \$20.00 service charge for ~~customer~~Customer checks returned to the Company by the banks because of "Insufficient Funds".
- (12) Notwithstanding any other provisions of these rules, the Company shall postpone the physical termination of gas service to a residential ~~customer~~Customer for a period of thirty (30) days in the event a physician, public health officer, or social service official certifies in writing that discontinuation of the service will aggravate an existing medical emergency of the ~~customer~~Customer or other permanent resident of the premises where service is rendered. During the thirty (30) day extension the ~~customer~~Customer or other permanent resident of the premises where service is rendered shall be referred to social service agencies for investigation, confirmation of need and guarantee of payment. The Company shall supply ~~customers~~Customers with names of agencies providing assistance
- (13) All ~~customers~~Customers shall be provided with the option of a Third Party Notification Service and shall be notified annually by the Company of its availability. The Third Party Notification Service will provide any ~~customer~~Customer with the opportunity to designate a Third Party who will receive a duplicate of any termination notice
- (14) Company shall increase the present level of Contributions-In-Aid-of-Construction and Customer Advances-for-Construction by 33% to implement the effect of the Tax Reform Act of 1986
- (15) Company shall have the right to make other or additional rules and regulations at any time, and the furnishing of gas hereunder shall not constitute a waiver of any prior or present claim or right held by Company against ~~consumer~~Customer

Issued By: Kenneth A. Royce

~~Effective: November 1, 1991~~

Issued On: November 1, 1991

ISSUED OCTOBER 11, 2004

EFFECTIVE: OCTOBER 1, 2004

ISSUED BY: STEVE LINDSEY, VP

POLICY ON SERVICE CHARGES

The general ~~types~~ of service which the Company shall provide on a charge or no-charge basis are listed below but are not necessarily limited to the following:

I. CHARGE SERVICE

1. Cleaning of gas lights and gas grills
2. Replacement of air filters furnished by ~~customer~~Customer
3. Disconnecting and reconnecting ranges
4. Pumping and pressurizing air conditioners
5. Cleaning pilots and/or burners
6. Seasonal turn-ons and heating light-up service
7. All service orders where parts are installed
8. Replacement of mantles and glass for gas lights
9. Sending collector to ~~customer's~~Customer's premises to collect past due gas bill to avoid turn-off of service for non-payment
10. Reconnection of service where service has been suspended for non-payment of a gas bill
11. Service Establishment Charges

II. NO CHARGE SERVICE

- 1 ☐ Meter Orders
 - a Remove
 - b. Change (does not include relocation of meters at Customer's request)
 - c Turn-off
- 2 ☐ Safety Inspections (new ~~customer~~Customer and/or new equipment)
- 3 ☐ Leak Investigation
- 4 ☐ High-bill Investigations
- 5 ☐ Confirmation of meter reads
- 6 ☐ Gas-air adjustments (where no cleaning is required)
- 7 ☐ Any trouble call resulting from low pressure caused by Company's distribution system
- 8 ☐ Relighting appliances after interruption of gas due to Company convenience (construction, etc.)

Issued By ~~Kenneth A. Royce~~

~~Effective November 1, 1991~~

Issued On ~~November 1, 1991~~

ISSUED: OCTOBER 11, 2004

EFFECTIVE: OCTOBER 1, 2004

ISSUED BY STEVE LINDSEY, VP